

THE COUNTY OF SANTA CRUZ

STATE OF CALIFORNIA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



Monarch butterflies (*Danaus plexippus*) enjoy the sun on their way to protected eucalyptus groves in Santa Cruz County. The orange and black pollinators spend their wintering season in the Monarch Grove at Natural Bridges which is the only State Monarch Preserve in California. The mild coastal temperatures and protection from winter storms allow these butterflies to cluster and wait until spring.

Photo by Shmuel Thaler / Santa Cruz Sentinel

County of Santa Cruz, California

*Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023*

Prepared Under the Direction
of Edith Driscoll
Auditor-Controller-Treasurer-Tax Collector



TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal iii
 Organization Chart..... x
 Directory of Public Officials xi
 Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association.....xiii

FINANCIAL SECTION

Independent Auditor’s Report 3
 Management’s Discussion and Analysis 8

Basic Financial Statements:

Government-Wide Financial Statements:

- Statement of Net Position..... 30
- Statement of Activities 32

Fund Financial Statements:

Governmental Funds Financial Statements:

- Balance Sheet 40
- Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position 41
- Statement of Revenues, Expenditures, and Changes in Fund Balances 42
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities 43

Proprietary Funds Financial Statements:

- Statement of Net Position (Deficit) 48
- Statement of Revenues, Expenses, and Changes in Fund Net Position 50
- Statement of Cash Flows 51

Fiduciary Funds Financial Statements:

- Statement of Fiduciary Net Position (Deficit)..... 55
- Statement of Changes in Fiduciary Net Position..... 56

Notes to Basic Financial Statements 59

Required Supplementary Information:

Budgetary Principles 128

Budgetary Comparison Schedules:

- General Fund 130
- Off-Highway, Road, and Transportation Special Revenue Fund 136
- Housing Fund 137

Defined Benefit Pension Plan Schedule of Changes in the Net Pension Liability and Related Ratios 138

Defined Benefit Pension Plan Schedule of Contributions 146

TABLE OF CONTENTS

Defined Benefit OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios	150
Defined Benefit OPEB Plan Schedule of Contributions.....	151

Other Supplementary Information:

Budgetary Comparison Schedule:

■ Capital Projects Fund	154
■ Debt Service Fund	155

Combining and Individual Fund Statements and Schedules:

Nonmajor Special Revenue Funds:

■ Combining Balance Sheet	162
■ Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	164

Budgetary Comparison Schedules:

■ Library Special Revenue Fund	166
■ Fire Special Revenue Fund.....	167
■ Fish and Game Special Revenue Fund.....	168
■ Park Dedication and State Park Bonds Special Revenue Fund.....	169
■ Health Services Special Revenue Fund.....	170
■ Santa Cruz Flood Control and Water Conservation – Zone 7 Special Revenue Fund	171

Districts Governed by the Board of Supervisors:

■ Public Protection Special Revenue Fund	172
■ Health and Sanitation Special Revenue Fund	173
■ Recreation and Cultural Services Special Revenue Fund.....	174
■ Public Ways and Facilities Special Revenue Fund	175

Nonmajor Enterprise Funds:

■ Combining Statement of Net Position	180
■ Combining Statement of Revenues, Expenses, and Changes in Net Position	182
■ Combining Statement of Cash Flows	184

Internal Service Funds:

■ Combining Statement of Net Position	192
■ Combining Statement of Revenues, Expenses, and Changes in Net Position	194
■ Combining Statement of Cash Flows	196

Fiduciary Funds:

■ Combining Statement of Fiduciary Net Position - Custodial Funds	204
■ Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	205
■ Combining Statement of Fiduciary Net Position – Private-purpose Trust Funds.....	206
■ Combining Statement of Changes in Fiduciary Net Position – Private-purpose Trust Funds.....	207

TABLE OF CONTENTS

STATISTICAL SECTION (UNAUDITED)

Net Position by Component.....	211
Government-Wide Changes in Net Position.....	212
Fund Balances of Governmental Funds.....	214
Changes in Fund Balances of Governmental Funds.....	215
General Fund Tax Revenues by Source.....	216
Property Tax Levies and Collections	217
Assessed Value of Taxable Property and Actual Value of Property	218
Property Tax Rates – Direct and Overlapping Governments.....	219
Ratios of Outstanding Debt by Type.....	220
Computation of Legal Debt Margin.....	221
Statement of Direct and Overlapping Debt	222
Outstanding Debt of the Financing Authorities	223
General Information	224
Property Value, Construction and Bank Deposits	225
Special Assessment Billings and Collections	226
Principal Taxpayers.....	227
Principal Employers	228
Operating Indicators by Function	229
Budgeted Positions.....	231
Schedule of Insurance in Effect	232
Capital Assets Statistics by Function.....	233
Glossary (Unaudited)	237



Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023





EDITH DRISCOLL
AUDITOR-CONTROLLER / TREASURER-TAX COLLECTOR
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December 22, 2023

The Honorable Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Members of the Board and Fellow Citizens:

The Annual Comprehensive Financial Report (ACFR) of the County of Santa Cruz (the County) for the fiscal year ended June 30, 2023 is hereby submitted in accordance with the statutes of the State of California. The ACFR represents the culmination of all budgeting and accounting activities during the year and covers all funds of the County, its component units, and its financial transactions.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive internal control framework established for this purpose. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County.

The independent auditors, Brown Armstrong Accountancy Corporation, who have rendered an unmodified ("clean") opinion thereon for the fiscal year ended June 30, 2023, have audited these statements. Their report is provided herein.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (with amendment in 1996) and U.S. Office of Management and Budget (OMB) *Uniform Guidance*, the OMB Circular. A single audit is intended to provide a cost-effective audit for non-Federal entities that receive federal assistance awards in that one audit is conducted in lieu of multiple audits of individual programs. These reports are available in the County's separately issued Single Audit Report.

FINANCIAL INFORMATION

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide a reasonable, rather than an absolute, assurance that the financial statements are free of any material misstatements.

PROFILE OF THE COUNTY

The County of Santa Cruz was established by an act of the State Legislature in 1850 as one of the original 27 counties of the State of California. The County is a general law county and is governed by a five-member Board of Supervisors who are elected by district to serve alternating four-year terms. The Board of Supervisors appoints a County Administrative Officer (Chief Executive) to carry out its policies as set forth by County Ordinance. The Assessor-Recorder, Auditor-Controller/Treasurer-Tax Collector, County Clerk, District Attorney and Sheriff-Coroner are elected officials and all other department heads are appointed officials.

The County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. In the public assistance and health areas, the state and federal governments mandate certain minimum levels of service. These functions are required by County ordinance or by state or federal law.

Santa Cruz is located on the Central Coast of California, and is bordered by San Mateo County to the North, Santa Clara County to the East, San Benito and Monterey Counties to the South and the Monterey Bay National Marine Sanctuary to the West. The County of Santa Cruz is the second smallest county in California in terms of land mass and the 25th of 58 counties in terms of population. Approximately half of the County residents live in one of the County's four cities, with the other half living in the unincorporated area. The four cities include Capitola, Santa Cruz, Scotts Valley, and Watsonville.

In accordance with the County Budget Act in the California Government Code, the County must adopt a budget on or before October 2 for each fiscal year. The County maintains budgetary controls, whose objective is to ensure compliance with legal provisions embodied in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the character level of salaries and benefits, and services and supplies for each budget unit within each budgeted fund. Other charges, land, plant and improvements, and equipment are controlled by line items within each budget unit.

The encumbrance system is employed by the County to record amounts committed for purchase orders or contracts. If appropriations are not sufficient, the Board of Supervisors must approve amendments or transfers of appropriations between funds or departments.

Factors Affecting Financial Conditions

The following highlights are evidence of the changing economy on a Countywide basis that includes both the unincorporated area and the four incorporated cities.

Important indicators of the local economy are retail sales and the hospitality industry. During fiscal year 2022-2023, Transient Occupancy taxes and sales and use tax both increased significantly from prior year as the impacts of the COVID-19 pandemic lightened throughout the State:

- The County's Transient Occupancy Tax decreased by \$2.6 million, or -18.46%, to \$11.5 million during the fiscal year.
- The County's Sales and Use Tax decreased by \$0.8 million, or -3.12%, to \$23.5 million. In 2019, Santa Cruz voters passed Measure G half-cent sales tax, bringing the unincorporated sales tax rate to 9.0%.

Property-related tax revenues in Santa Cruz County have continued to experience steady growth. Property taxes are determined based upon assessed values. The assessed values of secured property in Santa Cruz County increased by 5.3% in 2022-2023 and has had an annual increase over the last five years of 27.7%. Current property tax revenues increased during the fiscal year by \$7.9 million, or 6.9%. These revenues comprised approximately 71.8% of the County's total tax revenues in the fiscal year 2022-2023.

The County voters passed a Cannabis Business Tax effective November 2014. The County's business tax decreased in fiscal year 2022-2023 by approximately \$0.4 million, or -13.28%, to \$2.6 million.

Based on the California's Department of Finance Price Factor and Population information published in May 2022, the County's population is estimated to be 262,051 as of January 2023, which is a decrease of 4,513, or -1.6%, from

the prior year estimated population at January 2022 of 266,564. Compared to the actual April 2020 Census count of 270,891, the January 2023 estimated population count is a decrease of 8,861 persons, or -3.3%.

The County's unemployment rate at June 30, 2023, was 5.3%, 1.5% lower than it was one year ago at 3.8%, and much lower than the high of 12.2% in April 2020 and 13.1% in 2012-2013. Additionally, the number of workers in the labor force increased by 48, or 0.03%, to 135,436 at June 30, 2023.

Santa Cruz County real estate market experienced a slight decline during the fiscal year 2022-2023. According to Zillow.com's Home Value Index, home values decreased by -9%, from \$1,224,003 in June 2022 to \$1,111,361 in June 2023.

Long-Term Financial Planning

The County is committed to building and maintaining a strategic reserve. The County has maintained its General Fund reserves within the minimum level.

- Total General Fund balance was \$139.4 million at June 30, 2023, an increase of \$3.9 million from \$135.5 million at June 30, 2022.
- General Fund committed and assigned designations totaled \$102.7 million at June 30, 2023, an increase of \$1.6 million from \$101.1 million at June 30, 2022. Additionally, General Fund restricted fund balances were \$34.7 million, an increase of \$1.7 million from \$33.0 million at June 30, 2022. Of the current \$102.7 million committed and assigned fund balance at June 30, 2023, \$23.4 million is assigned to fund next year's budget.

The County's fund policy states that the minimum total Committed and Assigned General Fund balances shall be no less than 7.0% of the upcoming budget year's estimated revenues. The policy does not include the assignment to eliminate the projected budgetary deficit in the subsequent year's budget. Although not policy, the Board directed during the 2023-2024 budget hearings to have no less than 10% of the Assigned and Committed General Fund's fund balance, excluding the portion reserved to fund the following year's budget. This goal helped the County maintain a strong fiscal position to respond to the COVID-19 pandemic and to not go below the policy minimum of 7.0%. The policy allows the County to preserve necessary flexibility.

At June 30, 2023, the total adopted budgeted Assigned and Committed General Fund balances, which excludes the portion reserved to fund the following year's budget was \$79.4 million, is equal to 10.75% of the General Fund estimated operating revenues in the 2023-2024 budget.

Employees' Retirement Plan

The California Public Employees Retirement System (CalPERS) pension fund, in which Santa Cruz County employees participate, has made significant and important changes in costs and benefits. In August 2012, the State legislature adopted changes including an increased retirement age and a lowered benefit formula for new employees, a cap on the annual pension payout, and a requirement for workers to pay half of their costs. CalPERS realized a loss of -6.1% on its investments for the fiscal year ended June 30, 2022, following gains of 21.3%, 4.7%, 6.7%, 8.6%, 11.2%, 0.6%, 2.4%, 18.4%, and 12.5% for the years ended, June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014 and June 30, 2013, respectively.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.5% to 7.0% using a three-year-phase-in beginning with the June 30, 2016 actuarial valuations. The phase-in of the discount rate changes occurred in the following order: 7.375% for fiscal year 2018-19, 7.25% for fiscal year 2019-20, and 7.0% for fiscal years 2020-21 and thereafter. These discounts rates were also used to determine the minimum employer contributions for the said fiscal years. As such, the minimum employer contributions for the County of Santa Cruz for fiscal year 2022-2023 was 7.0%.

Beginning with fiscal year 2017-18, CalPERS collected employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change addresses potential funding issues

that could arise from a declining payroll or reduction in the number of active members in the plan. The plan's normal cost contribution continues to be collected as a percentage of payroll.

County employees also participate in the CalPERS health insurance program, whose average premiums increased by 4.75 % in 2023, and increased by 7.93% in 2024.

MAJOR INITIATIVES

During the 2022-2023 fiscal year, under the leadership of the Board of Supervisors, several key programs and projects were successfully undertaken by the County. These items were a part of the County's six-year strategic plan approved by the Board of Supervisors in 2018. The Board subsequently approved the first of three, two-year operational plans in 2019 which added countywide strategies, department objectives and key steps for achieving the 24 strategic plan goals. The first of the three, two-year operational plans was for 2019-2021. The 2019-21 operational plan had 147 objectives, of which 134 were completed and 13 were withdrawn. The second two-year operational plan is for 2021-23. The plan includes 140 objectives of which 124 have been completed and 16 have been consolidated. The third two-year operations plan is for 2023-25. The plan includes 174 objectives of which 37 have been amended and 137 are in progress.

The County tracks progress on each objective through the website www.SCCVision.us.

The following items were completed as of June 30, 2023:

- The County's Response, Recovery & Resilience Office developed and maintained a disaster service worker (DSW) roster, defined training requirements, and ensured capacity to operate at least two shelters independent of outside agency support.
- The County's Community Development & Infrastructure Department conducted research, gathered data to identify communities, and enhanced equitable engagement by adopting a public participation plan. Accessibility improvements have been made to 30% of the Planning website.
- The Health Services Agency, in collaboration with the County Office of Education, has developed local capacity for school-based COVID-19 outbreak prevention and control, contributing to the realization of in-person K-12 instruction in 2022.
- The County Fire Department finalized and configured mapping and configurations with Zonehaven, worked in collaboration with the Sheriff's Office and user agencies on data entry and utilization, and fully implemented the Zonehaven evacuation management platform.
- The County Fire Department has boosted the count of volunteer firefighters by 14% and extended the coverage of fire surveillance cameras by 17% across Santa Cruz County as of June 30, 2023.
- The County Fire Department also expanded capacity to provide emergency communications access within the unincorporated area by purchasing mobile cellular communications trailers.
- The Health Services Agency increased patients by 53% with controlled hypertension in the most impacted demographic groups (race/ethnicity, gender, location).
- County Clerk-Elections Office raised vote by Mail and early in-person voting by 3% through enhanced access and a media strategy. This included diverse media channels, multilingual materials, and ongoing adjustments to encourage voting opportunities.
- The Agricultural Extension worked with Pajaro Valley growers, using evapotranspiration models and soil moisture monitoring to reduce water use by 2,500-acre feet per year in 2022-23.
- The Auditor-Controller-Treasurer-Tax Collector automated 10% of forms for claims, general accounting, and payroll divisions.
- The County's Assessor-Recorder office collaborated with the Board of Equalization to address concerns regarding The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act and established a consolidated webpage with property tax relief information for seniors and developed a community education program focused on property tax exclusions, exemptions and assistance for older adults in 2023.
- The County's Cannabis Licensing Office has decreased the rate of corrective actions and violations among legal operators by 50%.

- The Clerk of the Board office has consistently offered interactions in Spanish at every Board of Supervisors meeting during the fiscal year ended June 30, 2023.
- The County Administrative Office has implemented a new comprehensive budgeting system. Capital Projects budgeting went live for the 2022-23 Budget cycle, and the full Budget system is scheduled to go live for the 2023-25 Budget cycle.
- The District Attorney's office collaborated with the Criminal Justice Council (CJC) to create a report vetted by community partners, enhancing local public safety procedures, policies, and best practices.
- The County's General Service Office developed a capital project and tenant improvement system to track progress from inception of project to completion and reduce project delivery times by 5%.
- The Department of Child Support Services decreased unpaid child support by collecting 68.6% of cases carrying arrears balances.
- The Human Services Department exceeded its target for enrolling 10% more eligible children from mixed immigration status households into the CalFresh program. The goal was set at 3,190 children, and the department enrolled 3,710 children.
- The Health Services Agency delivered bilingual bicycle and pedestrian education programs, measuring student knowledge and teacher satisfaction surveys. They advocated for Vision Zero in the County and other jurisdictions, aiming to boost local policies supporting walking and biking to school. As a result, there was a 20% reduction in traffic-related injuries involving bicyclists and pedestrians near schools in 2022-23.
- The Information Services Department developed a plan for regional encrypted radio communications.
- Santa Cruz County Office of Response, Recovery & Resilience developed a coordinated strategy on hazardous fuel reduction with strategic prioritization of egress from single road access communities.
- The County's park department analyzed park irrigation accounts to measure baseline water usage and costs, identified long-term sustainable options for reducing both water usage and costs, and prioritized parks in which to implement change in 2022-23.
- The Personnel Department provided unconscious bias training to 90% of County staff and elected officials, promoting a diverse, equitable, and inclusive workplace.
- The Department of Planning improved equitable engagement through adopting a public participation plan, and accessibility improvements to 30% of the Planning website.
- The Probation Department enhanced virtual visitation by revising policies and providing facility tablets, resulting in a 50% increase in youth virtual visits, promoting youth and family connectedness and supporting successful re-entry to the community in 2022-23.
- The Department of Public Works completed the construction of the Live Oak Library (Measure S funded library projects), which reopened to the public in October 2022. Live Oak Library joins Felton, Boulder Creek and La Selva Beach Libraries as completed County managed library projects.
- The Public Works department aimed to resurface 25 miles of County-maintained roadways and exceeded expectations by completing 39.36 miles, achieving 157% by June 30, 2023.
- The Sheriff-Coroner office maintained biannual in-service training for all sworn staff to address implicit bias, cultural diversity and racial profiling awareness to promote equity in our community.

The following items are in-process as of June 30, 2023:

- The Department of Public Works will complete the remodel of the Aptos Library (Measure S funded library project) scheduled to reopen in early 2024. The Live Oak Annex construction has begun with no anticipated opening date at this time.
- The County's Agricultural Extension is in the process of investigating feasibility and efficacy of onions and wheat as crop rotations to manage soil disease in strawberries.
- The Department of Public Works plans to design and install 10 miles of buffered/bike lanes and separated bikeways on Soquel Drive between La Fonda Avenue and State Park Drive.
- The Santa Cruz County Sanitation District will upgrade undersized sewer pipes within the Rodeo Gulch Basin, thus lifting the existing moratorium on new sewer connections.
- The Department of Public Works is developing a detailed plan for the eventual closure of the Buena Vista Landfill (estimated at 2030) and replacement with a new transfer station.

- The County's Cannabis Licensing Office plans to increase public transparency into the non-retail cannabis industry by providing a map layer on the GIS website that includes acreage use for cannabis production by geographical areas.
- The Department of Public Works is continuing the collaboration with Caltrans to secure approval for documents, aiming to advance 5 out of the 13 bridges currently scheduled to the next phase of authorization.
- The Santa Cruz County Parks department is engaged in the schematic design and environmental review for segments 10 and 11 of the Rail Trail project.
- The Assessor-Recorder's Office aims to mail homeowners' exemption claim forms, in both English and Spanish, to all property owners who might qualify for but are not receiving the exemption.
- The Santa Cruz County Office of Response, Recovery & Resilience is finalizing a draft County Recovery Work Plan for submission to the Board of Supervisors. This plan is informed by targeted outreach to residents affected by disasters, countywide residents, and disadvantaged or marginalized communities at risk.
- The Information Services department plans to survey at least 25% of County Microsoft 365 users to develop baseline needs for skill development, and create a learning platform for County workforce, which will help employees to effectively organize, plan, present, and communicate.
- The Department of Probation plans to enhance equitable access to medical services for Hispanic/Latino youth by finalizing operational procedures and enrolling 100% of eligible young individuals in CalAIM while in detention.
- The Auditor-Controller-Treasurer-Tax Collector, in collaboration with Personnel and Information Services, is in the process of implementing a new Human Resources and Payroll System.
- The Department of Public Defender, aligning with the County Equal Employment Opportunity Policy, is in the process of creating summer law clerk and post-Bar law clerk programs. These programs aim to enhance law clerk opportunities for people of color, consistent with the demographics of the local population.
- HSA-Behavioral Health Division plans to open the Children's Crisis Center including Crisis Stabilization Program (CSP) with eight beds and Crisis Residential Program (CRP) with 16 beds to serve youth, regardless of insurance status.
- The Clerk of the Board plans to transition to a new Agenda Management System and reduce their processing time by 30%.
- The County's CDI-Planning office plans to increase to 85% the number of building residential permits meeting review time goals, which will benefit the public and staff by expediting the permitting process.
- The County Administrative Office aims to work with Personnel to increase by 10% among all staff and 15% among people of color the number of employees taking advantage of professional development opportunities by reconstituting the LEAP program and providing other regular training opportunities to the County workforce.
- The County's Clerk-Elections office plans to collaborate with at least five different community partners to create and implement strategies to increase outreach and engagement from South County residents between ages 18 to 24 in elections.
- The County's Fire Department plans to continue modernization of the county fleet, resulting in a 10% decrease in overall equipment due to greater reliability and durability.
- The County's District Attorney-Public Administrator office plans to implement a pilot program in collaboration with Watsonville Police Department and the Public Defender to focus more on South County, increasing the number of Spanish speaking conferences by 10% and holding conferences in the geographic locations where incidents occurred.
- The County's General Services Office continuously performs a facilities conditions assessment of the 24/7 operated facilities and develops a process to keep updated.
- The Department of Human Services plans to increase by 15% female dislocated workers retaining employment six months after exiting their employment services program to ensure economic self-sufficiency.
- Personnel Equal Employment Opportunity (EEO) and the County Administrative Office, in collaboration with County departments, plans to track and report each department's progress toward diversity, equity, and inclusion goals established in the 2022-2024 Equal Employment Opportunity and Cultural Competence (EEO/CC) Plan.
- The Sheriff-Coroner will develop a DNA laboratory, which will reduce DNA processing times by 90%, ensuring equitable access to vulnerable populations that are disproportionately survivors of crime.

OTHER INFORMATION

State statutes require an annual audit by independent Certified Public Accountants. The firm of Brown Armstrong Accountancy Corporation was selected to audit the financial statements of the County's various funds and account groups and has issued an unmodified ("clean") opinion thereon. In addition to meeting the requirements of State law, the audit was also designed to comply with the federal Single Audit Act of 1984 (with amendment in 1996) and U.S. Office of Management and Budget (OMB) *Uniform Guidance*, the OMB *Compliance Supplement* and *Government Auditing Standards*. The auditors' report on the financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separate Single Audit Report.

Awards and Acknowledgments

We are very proud of this ACFR and all of the County's award-winning financial reporting publications. Each publication has been prepared with great care and expertise with a goal of meeting the highest level of financial reporting preparation standards.

GFOA Financial Reporting Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Santa Cruz for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

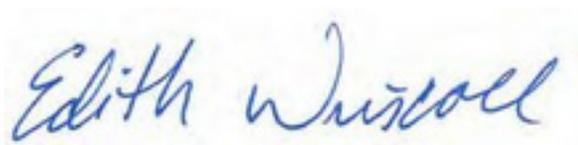
GFOA Budget Presentation Award

The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2022. To receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Acknowledgments

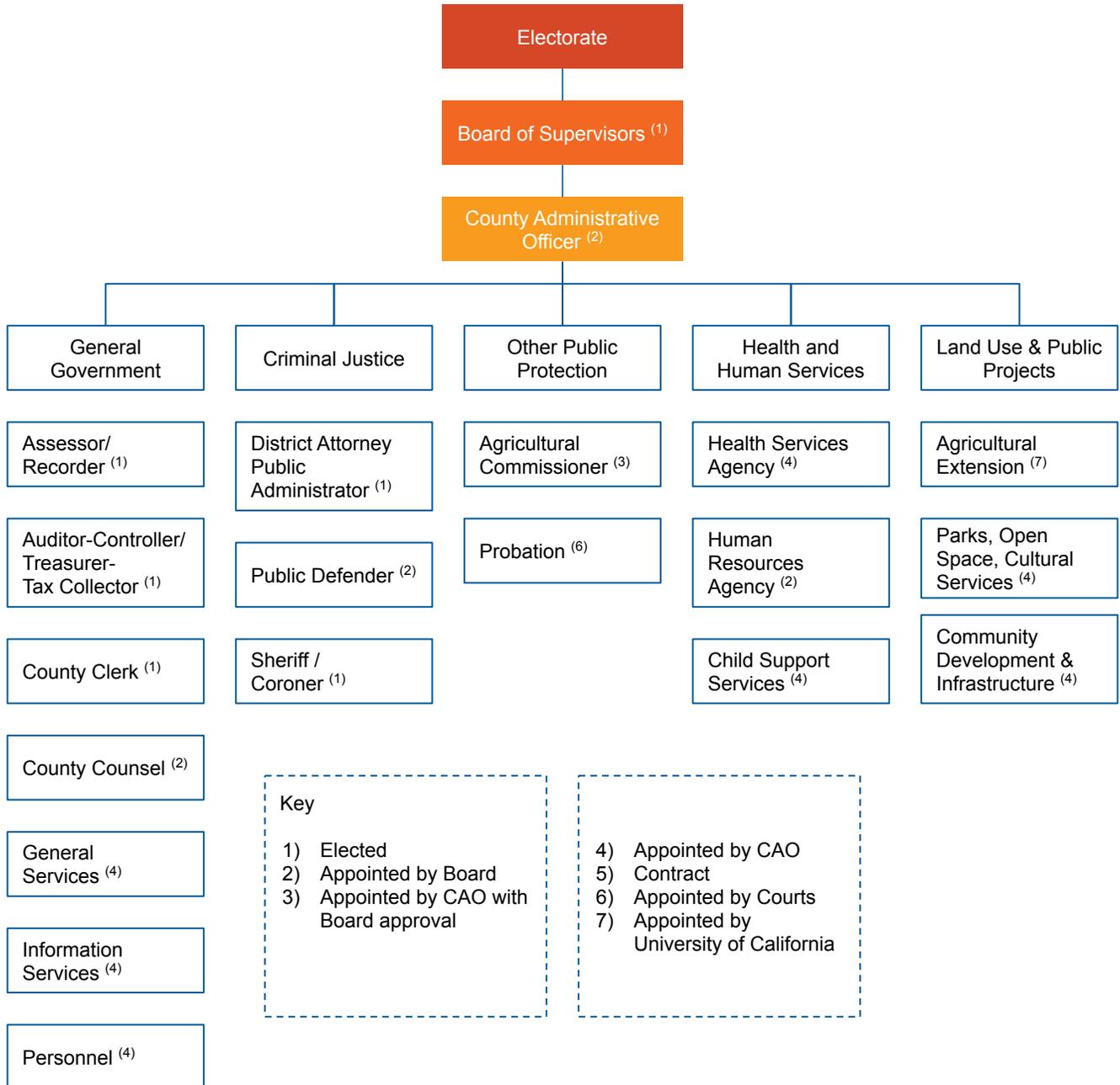
I wish to express my appreciation to the staff of the Accounting Division and Audit Division, the County departments that participated in the audit process, and Brown Armstrong Accountancy Corporation for their contributions, assistance, and guidance in the preparation of this report.

Respectfully submitted,



Edith Driscoll
Auditor-Controller-Treasurer-Tax Collector

COUNTY OF SANTA CRUZ ORGANIZATION CHART



Directory of Public Officials

Elected Officers

		<u>Term ends</u>
Supervisor, 1st District	Manu Koenig	January 2025
Supervisor, 2nd District	Zach Friend	January 2025
Supervisor, 3rd District	Justin Cummings	January 2027
Supervisor, 4th District	Felipe Hernandez	January 2027
Supervisor, 5th District	Bruce McPherson	January 2025
State Senator, 17th District	John Laird	December 2024
State Assemblyman, 29th District	Gail Pellerin	December 2024
State Assemblyman, 30th District	Robert Rivas	December 2024
U.S. Congressman, 20th District	Jimmy Panetta	January 2025
U.S. Senator	Dianne Feinstein	January 2025
U.S. Senator	Alex Padilla	January 2029
U.S. Congresswoman, 18th District	Mia Bonta	December 2024
Assessor-Recorder	Sheri Thomas	January 2027
Auditor-Controller-Treasurer-Tax Collector	Edith Driscoll	January 2027
County Clerk-Elections	Tricia Webber	January 2027
District Attorney-Public Administrator	Jeff Rosell	January 2027
Sheriff-Coroner	Jim Hart	January 2027

Appointed Officers

Administrative Officer	Carlos J. Palacios
Agricultural Commissioner	David Sanford
Chief Probation Officer	Fernando Giraldo
County Counsel	Jason Heath
Director of Agricultural Extension	Mark Bolda
Director of Child Support Services	Jamie Murray
Director of General Services	Michael Beaton
Director of Information Services	Tammie Weigl
Director of Human Services Department	Randy Morris
Director of Community Development & Infrastructure	Matt Machado
Director of Parks, Recreation and Cultural Services	Jeff Gaffney
Health Officer	Dr. Lisa Hernandez
Health Services Agency Director	Monica Morales
Personnel Director	Ajita Patel
Veteran's Services Officer	Dean Kaufman





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Santa Cruz
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
of the County of Santa Cruz
Santa Cruz, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Cruz, California (the County), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the respective Budgetary Comparison for the General Fund, the Off Highway, Road, and Transportation Fund, and the Housing Fund; the County's Retirement Plans' Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions; and the County's Other Postemployment Benefit (OPEB) Plan Schedule of Changes in Total OPEB Liability and Related Ratios and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying Budgetary Comparison for the Capital Projects Fund, the Debt Service Fund, and the combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison for the Capital Projects Fund, the Debt Service Fund and the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 20, 2023

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Management's Discussion and Analysis

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

This section of the County of Santa Cruz (the "County") Annual Comprehensive Financial Report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

Over the past 2022-23 fiscal year, the County of Santa Cruz saw an increase in its net position, which is defined as its assets and deferred outflows of resources less its liabilities and deferred inflows of resources, of \$48.4 million, or 22%, to \$267.2 million. The change includes an increase of net position for governmental activities of \$41.2 million, including an increase of \$28.5 million for current year activities and a prior period adjustment of \$12.7 million, and an increase of net position for business-type activities of \$7.2 million. The increase is primarily a result of the following:

- An increase of \$29.4 million in accounts receivable, which is mostly offset by an increase in accounts payable of \$21.7 million. The increases in accounts receivable and accounts payable are primarily a result of costs related to the 2023 winter storms. At June 30, 2023, County costs related to the 2023 winter storms exceeded \$68.4 million and are expected to exceed \$140 million. Of the \$29.4 million increase in accounts receivable, \$12.8 million is a result of the recognition of revenue from the National Opioid Settlement. The total legal settlement is estimated to be \$15.8 million, which was recognized as revenue in fiscal year 2022-23, but will be received over the next 15 years.
- An increase of \$13.5 million in loans receivable, primarily related to a prior period adjustment of \$12.7 million to reclassify loans issued and recorded as expenses less principal payments recorded as income in prior fiscal years.
- The increase in unearned revenue of \$15.2 million is primarily related to funds received for project Homekey, which had not been earned as of the end of the fiscal year. The increase in unearned revenue is mostly offset by an increase in restricted cash of \$14.3 million.
- Nondepreciable and depreciable assets net of accumulated depreciation increased by \$2.5 million and \$61.8 million, respectively. The increase in nondepreciable assets is primarily projects reported in construction-in-progress. The increase in depreciable assets is primarily related to completed infrastructure projects and completed construction-in-progress capital projects. The infrastructure increases are primarily a result of damage caused by the 2023 winter storms. Spending on assets is expensed in governmental fund statements, but capitalized and depreciated in government-wide statements.
- Pension and OPEB related liabilities, deferred inflows of resources, and deferred outflows of resources also saw significant changes during the fiscal year.
 - Deferred outflows of resources related to pension and OPEB decreased by \$3.6 and \$4.1 million, respectively. The changes are primarily related to changes in actuarial assumptions.
 - The OPEB liability decreased by \$34 million, while deferred inflows of resources related to OPEB increased by \$29.7 million. Both changes are primarily related to changes in actuarial assumptions, the most significant of which was a change in the discount rate from 1.92% on June 30, 2021 to 3.69% on June 30, 2022.
 - The net pension liability increased by \$191.7 million while deferred inflows of resources related to pensions decreased by \$131.6 million. The increase in the net pension liability was primarily a result of changes in actuarial assumptions. The decrease in pension related deferred inflows of resources is primarily attributable to the decrease in the difference between projected and actual earnings on pension plan investments.

- An increase of \$7.2 million in business-type activities primarily due to an increase in disposal fee revenue in CSA 9C as a result of a new property tax assessment for waste management and recycling services, and a decrease in operating expenses resulting from a decrease in the contribution for the closure/post-closure liability.

Government-wide general revenue, including governmental activities and business-type activities, was \$214.1 million, which includes \$194.1 million in government-wide tax revenue collections. The remaining general revenues include interest and investment earnings, gain on disposal of capital assets, and miscellaneous revenues. Program revenues less program expenses for the fiscal year was negative \$184.6 million for governmental activities and \$6.2 million for business-type activities or negative \$178.4 million government-wide.

Excluding prior period adjustments, total government-wide net position increased by \$35.7 million. Prior period adjustments impacted the net position of governmental activities.

Total program and general revenues for governmental activities were \$816.4 million, an increase of \$91.4 million, or 12.6%, over the prior fiscal year. Expenses for governmental activities were \$787.8 million, an increase of \$115.4 million, or 17.2%, over the prior fiscal year. Primary causes for the changes are explained in more detail later in this discussion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference in assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The business-type activities of the County can be found under Proprietary funds below.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The Santa Cruz County Sanitation District (the Sanitation District) is reported as a discretely presented component unit of the County. The Sanitation District is managed by the County Department of Public Works and provides sanitation services to a portion of the unincorporated areas of the County. For more detail, please refer to the Sanitation District's separately issued financial statements.

The government-wide financial statements can be found on pages 30-33 of this report.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related funds which are used to account for resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are reported in the governmental funds. The governmental funds financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (general, special revenue, capital projects and debt service). Information is presented separately in the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund; Off Highway, Road and Transportation Fund; Housing Fund; Capital Projects Fund; and the Debt Service Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 40-43 of this report.

Proprietary funds are used to account for services either outside customers or internal units or departments of the County. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County enterprise funds used to account for the operations of the County include the County Disposal Sites CSA 9C and the following Board of Supervisors Governed Districts: Boulder Creek CSA 7, Rolling Woods CSA 10, Septic Tank Maintenance CSA 12, Freedom County Sanitation District, Davenport County Sanitation District, Place de Mer CSA 2, Sand Dollar Beach CSA 5, and Trestle Beach CSA 20 operations.
- **Internal Service funds** are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central duplicating, information services, public works, service center, and insurance (risk management, dental and health, liability and property, workers' compensation, employee benefit staffing, and state unemployment insurance) functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 48-52 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The fiduciary funds the County maintains are custodial, investment

trust funds, and private purpose trust funds. Since these funds are custodial in nature, they do not involve the measurement of results of operations.

The fiduciary funds financial statements can be found on pages 55-56 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 60-125 of this report.

Required Supplementary Information (other than MD&A)

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County’s general fund budgetary comparison schedule and progress in funding its obligation to provide pension benefits to its employees and other post-employment obligations to retirees.

The County adopts an annual budget which is a compilation of operating budgets from individual functional units within the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Funds. Budgets are adopted for all funds except for Fiduciary Funds and certain special revenue funds, namely the Financing Authorities and the Geological Hazard Abatement Districts. A budgetary comparison schedule has been provided for the General Fund; Off Highway, Road and Transportation Fund; Housing Fund; and Capital Projects Fund to demonstrate compliance with these budgets. These can be found on pages 130-175 of this report.

Combining Statements and Schedules

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, enterprise and internal service funds and fiduciary funds are presented immediately following the required supplementary information.

Analysis of Net Position

	Governmental Activities		Business-Type Activities		Total		Dollar Change
	2023	2022	2023	2022	2023	2022	
Assets:							
Current and other assets	\$ 548,640,183	\$ 491,157,439	\$ 34,457,168	\$ 27,339,784	\$ 583,097,351	\$ 518,497,223	\$ 64,600,128
Capital assets	763,026,764	698,298,275	42,364,178	42,871,850	805,390,942	741,170,125	64,220,817
Total assets	1,311,666,947	1,189,455,714	76,821,346	70,211,634	1,388,488,293	1,259,667,348	128,820,945
Deferred outflows of resources	210,331,949	218,088,565	-	-	210,331,949	218,088,565	(7,756,616)
Liabilities:							
Current and other liabilities	257,945,786	208,172,177	2,062,513	3,595,569	260,008,299	211,767,746	48,240,553
Long-term liabilities	992,829,934	867,374,933	23,890,663	22,930,546	1,016,720,597	890,305,479	126,415,118
Total liabilities	1,250,775,720	1,075,547,110	25,953,176	26,526,115	1,276,728,896	1,102,073,225	174,655,671
Deferred inflows of resources	54,869,306	156,818,213	-	-	54,869,306	156,818,213	(101,948,907)
Net position:							
Net investment in capital assets	642,444,451	631,243,860	32,265,893	31,920,388	674,710,344	663,164,248	11,546,096
Restricted	108,582,202	150,199,287	14,985,976	534,353	123,568,178	150,733,640	(27,165,462)
Unrestricted	(534,672,783)	(606,264,191)	3,616,301	11,230,778	(531,056,482)	(595,033,413)	63,976,931
Total net position	\$ 216,353,870	\$ 175,178,956	\$ 50,868,170	\$ 43,685,519	\$ 267,222,040	\$ 218,864,475	\$ 48,357,565

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets plus deferred outflows of resources exceed liabilities plus deferred inflows of resources by \$267,222,040 at the close of the 2022-23 fiscal year.

The County's net investment in capital assets of \$674,710,344, or 252% of total net position, reflects investments in capital assets (e.g., land, building and structures, and equipment), net of accumulated depreciation, in the amount of \$805,390,942, less the related outstanding debt used to acquire those assets of \$130,680,598. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$123,568,178, or 46% of total net position, represents resources that are subject to external restrictions on how they may be used. Of the total, 31% is restricted for capital asset acquisition, 55% is dedicated to public roads and facilities, 0% is restricted for public safety and the rest is restricted for debt service, health and various County imposed purposes.

The County's unrestricted net position of negative \$531,056,482 increased by \$63,976,931 from the prior year. This amount consists of net position that does not meet the definition of restricted net position or net investment in capital assets. The majority of negative unrestricted net position is primarily the result of the County's unfunded pension and OPEB obligations, due to the implementation of GASB Statement Nos. 68 and 75, offset by positive unrestricted net position predominantly in the County's General Fund.

The amounts presented above include prior period adjustments to the beginning balance of net position. Please refer to Note 20 for more detail related to the prior period adjustments.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total		Dollar Change	%
	2023	2022	2023	2022	2023	2022		
Revenues:								
Program Revenues:								
Charges for services	\$ 139,995,451	\$113,420,342	\$ 28,655,289	\$ 22,274,156	\$ 168,650,740	\$135,694,498	\$ 32,956,242	24.3%
Operating grants and contributions	447,171,463	399,130,029	725,907	2,711,788	447,897,370	401,841,817	46,055,553	11.5%
Capital grants and contributions	16,015,475	14,983,535	3,797	-	16,019,272	14,983,535	1,035,737	6.9%
General Revenues:								
Property taxes	145,670,620	136,153,613	52,584	49,156	145,723,204	136,202,769	9,520,435	7.0%
Other taxes	48,352,063	53,368,972	-	-	48,352,063	53,368,972	(5,016,909)	(9.4%)
Investments earnings	10,785,933	(4,067,996)	523,035	(496,415)	11,308,968	(4,564,411)	15,873,379	(347.8%)
Miscellaneous	8,355,245	12,010,297	288,948	4,684,360	8,644,193	16,694,657	(8,050,464)	(48.2%)
Gain on sale of assets	53,991	19,623	-	-	53,991	19,623	34,368	175.1%
Total revenues	816,400,241	725,018,415	30,249,560	29,223,045	846,649,801	754,241,460	92,408,341	12.3%
Expenses:								
General government	81,906,818	42,186,979	-	-	81,906,818	42,186,979	39,719,839	94.2%
Public protection	222,981,605	201,256,125	-	-	222,981,605	201,256,125	21,725,480	10.8%
Public ways and facilities	31,111,842	30,783,275	-	-	31,111,842	30,783,275	328,567	1.1%
Health and sanitation	226,020,804	195,857,710	-	-	226,020,804	195,857,710	30,163,094	15.4%
Public assistance	191,421,806	179,813,704	-	-	191,421,806	179,813,704	11,608,102	6.5%
Education	7,525,058	6,306,072	-	-	7,525,058	6,306,072	1,218,986	19.3%
Recreation and cultural services	15,067,940	11,451,913	-	-	15,067,940	11,451,913	3,616,027	31.6%
Interest and fiscal charges	11,757,140	4,759,756	-	-	11,757,140	4,759,756	6,997,384	147.0%
County Disposal Sites								
CSA 9C	-	-	18,515,098	22,815,622	18,515,098	22,815,622	(4,300,524)	(18.8%)
Boulder Creek CSA	-	-	464,386	467,192	464,386	467,192	(2,806)	(0.6%)
Rolling Woods CSA	-	-	16,296	27,555	16,296	27,555	(11,259)	(40.9%)
Septic Tank Maintenance CSA	-	-	1,531,658	1,426,375	1,531,658	1,426,375	105,283	7.4%
Freedom County Sanitation District	-	-	1,289,278	1,183,385	1,289,278	1,183,385	105,893	8.9%
Davenport County Sanitation District	-	-	800,071	833,073	800,071	833,073	(33,002)	(4.0%)
Place De Mer CSA	-	-	93,911	123,723	93,911	123,723	(29,812)	(24.1%)
Sand Dollar Beach CSA	-	-	381,205	272,653	381,205	272,653	108,552	39.8%
Trestle Beach CSA	-	-	67,970	82,811	67,970	82,811	(14,841)	(17.9%)
Total expenses	787,793,013	672,415,534	23,159,873	27,232,389	810,952,886	699,647,923	111,304,963	15.9%
Revenues over/(under) expenses	28,607,228	52,602,881	7,089,687	1,990,656	35,696,915	54,593,537	(18,896,622)	(34.6%)
Transfers	(92,964)	-	92,964	-	-	-	-	100%
Change in Net Position	28,514,264	52,602,881	7,182,651	1,990,656	35,696,915	54,593,537	(18,896,622)	(34.6%)
Net Position, beginning of year	175,178,956	113,975,917	43,685,519	41,694,863	218,864,475	155,670,780	63,193,695	40.6%
Prior period adjustment	12,660,650	8,600,158	-	-	12,660,650	8,600,158	4,060,492	47.2%
Net Position, beginning of year as restated	187,839,606 ⁽¹⁾	122,576,075 ⁽¹⁾	43,685,519	41,694,863	231,525,125 ⁽¹⁾	164,270,938 ⁽¹⁾	67,254,187	40.9%
Net Position, end of year	<u>\$ 216,353,870</u>	<u>\$175,178,956</u>	<u>\$ 50,868,170</u>	<u>\$ 43,685,519</u>	<u>\$ 267,222,040</u>	<u>\$218,864,475</u>	<u>\$ 48,357,565</u>	<u>22.1%</u>

(1) See Note 20 for more information on restated net position

Analysis of Change in Net Position

During the current fiscal year, the County’s net position increased by \$48.4 million which includes \$12.7 million related to a prior period adjustment and \$35.7 million in current activities.

- **Governmental activities** increased the County’s net position by \$41.2 million and included a \$12.7 million prior period adjustment. The total increase accounts for a 23.5% change to the County’s total net position. The adjustment, which accounts for 30.7% of the total change in net position, was a result of the reclassification of Housing fund loans that had been recorded as expenditures in prior years offset by loan repayments that had been recorded as revenue.

Revenues for governmental activities and general revenues increased by \$91.4 million, or 12.6%, from the prior year primarily due to increases in operating and capital grants and contributions of \$49.1 million, property taxes of \$9.5 million, charges for services of \$26.6 million, investment earnings of \$14.9 million, offset by decreases in miscellaneous revenues of \$4.0 million, and decreases in other taxes of \$5.0 million. Causes of the change are discussed in more detail following the table titled *Revenues Classified by Source*.

Overall governmental expenditures increased by \$115.4 million, or 17.2%, from the prior year. The majority of the increase was in general government, public protection, health and sanitation and public assistance, which increased by \$39.7 million, \$21.7 million, \$30.2 million and \$11.6 million, respectively. Causes of the changes are discussed in more detail following the table titled *Expenditures Classified by Source*.

Overall expense increase (decrease) by function follows:

	Amount	Percentage increase (decrease)
General government	\$ 39,719,839	94.2%
Public protection	21,725,480	10.8%
Public ways and facilities	328,567	1.1%
Health and sanitation	30,163,094	15.4%
Public assistance	11,608,102	6.5%
Education	1,218,986	19.3%
Recreation and cultural services	3,616,027	31.6%
Interest and fiscal charges	6,997,384	147.0%
	\$ 115,377,479	17.2%

- **Business-type activities** increased the County’s net position by \$7.2 million, or 16.4%, over the prior year primarily due to an increase in charges for services for County Disposal Sites CSA 9C, which increased \$5.7 million over the prior year as a result of revenue from a new special tax assessment for recycling and solid waste. Services and supplies decreased by \$1.6 million resulting from a decrease in the contribution for the closure/post-closure liability.

Please see the following section for a more detailed analysis on the governmental and business-type activities.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

Governmental Funds

The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular,

unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

At June 30, 2023, the County's governmental funds reported combined ending fund balances of \$284,006,560, a decrease of \$1,741,869 in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances).

- Nonspendable fund balance of \$1,974,189 consists of amounts that are not spendable in form, or are legally or contractually required to be maintained intact and is currently made up of prepaids. Nonspendable fund balance increased by \$572,114 from the prior year due to an increase in prepaid expenditures.
- Restricted fund balance of \$200,632,907 consists of amounts with externally imposed constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control, library) of \$125,154,723, (2) amounts restricted for capital asset acquisition of \$8,128,410, (3) amounts restricted for debt service of \$32,609,206, and (4) other various restricted balances related to state, federal, grant-related and other enabling legislation. Total restricted fund balance increased by \$17,035,635 due to a decrease in capital asset acquisition restrictions of \$30,325,062 (some of which was recharacterized as restrictions for debt service), an increase in restrictions for debt service of \$32,609,206, an increase in restrictions related to the purpose of the fund of \$13,032,984, and various restrictions (i.e. County Recorder, District Attorney, Health Care Programs, Probation, Public Defender and Sheriff programs) of \$1,718,507.
- Committed fund balance of \$20,997,367 consists of amounts for specific purposes determined by the Board of Supervisors which includes (1) Natural Disasters of \$2,000,000, (2) Working Capital of \$6,000,000, (3) Strategic Reserve of \$10,000,000 and (4) Mental Health Services Act (MHSA) Prudent Reserve of \$2,997,367. Committed fund balance increased by \$41,469 due to an increase to the Mental Health Services Act (MHSA) Prudent Reserve.
- Assigned fund balance of \$81,700,073 represents amounts that are intended for specific purposes and are established by the Board of Supervisors or an official or body delegated by the governing body. Examples of assigned fund balances are federally qualified health programs of \$37,715,101 and human services programs of \$7,321,694. Assigned balance increased by \$1,530,965 from the prior year largely due to the restoration of the Assignments for Unanticipated Liabilities, Budgeted Structural Deficit, and Salary Savings totaling \$10,820,216, offset by decreases in in the Assignment to Eliminate Projected Budgetary Deficit in Subsequent Year's Budget of \$10,208,192. Additionally, there were increases in the amounts assigned for a federally qualified health program, human services programs, and assignments for other purposes totaling \$918,941.
- Unassigned fund balance is currently negative \$21,297,976, a decrease of \$21,297,976 from prior year. The current year negative fund balance relates to the Off Highway, Road and Transportation Fund cash needs for emergency response related to the 2022-2023 winter storms.

Revenues for governmental functions totaled \$802,495,579 in fiscal year 2022-2023, which represents an increase of \$77,110,326, or 10.6%, from fiscal year 2021-2022. Expenditures for governmental functions totaling \$829,404,432 decreased by \$7,265,354, or 0.87%, from fiscal year 2021-2022. In the fiscal year 2022-2023, other financing sources, including interfund, exceeded other financing uses by \$12,496,203.

The General Fund is the primary operating fund of the County. At June 30, 2023, the General Fund's total fund balance was \$139,412,197, of which \$1,974,189 was nonspendable and \$137,438,008 was spendable. The spendable fund balance consists of \$20,997,367 in committed fund balance, \$81,700,073 in assigned fund balance, and \$34,740,568 in restricted fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total General Fund expenditures of \$656,151,847. Total fund balance is 21.2% of total General Fund expenditures while spendable fund balance is 20.9% of total General Fund expenditures.

Changes to General Fund Balances

Nonspendable fund balance increased by \$572,114 from the prior year due to an increase in prepaid expenditures.

The General Fund's total fund balance increased by 2.85%, or \$3,863,055 at June 30, 2023 due to General Fund revenues exceeding General Fund expenditures by that amount. Although revenues exceeded expenditures overall for the fiscal year ended June 30, 2023, both revenues and expenditures were under budget by \$32 million and \$68.7 million, respectively. Approximately \$7.0 million of that balance is accounted for by encumbrances the County is obligated to make payments on which rolled into the 2023-2024 budget.

The spendable balances increased \$3,290,941 to \$137,438,008 primarily in the following areas:

Restricted fund balance:

- Restricted fund balance increased by \$1,718,507 primarily due to \$1.627 million for juvenile probation funding.

Assigned fund balance:

- General Fund assigned balance increased by \$1,530,965 from the prior year largely due to:
 - A decrease in the Assignment to Eliminate Projected Budgetary Deficit in Subsequent Year's Budget of \$10,208,192 due to budgeted expenditures exceeding budgeted revenues for 2023-2024, but by a lesser amount than budgeted for 2022-2023.
 - An increase in the Assignment for Federally Qualified Health Program of \$280,899 due to federal revenues exceeding expenses for these funds in 2022-23.
 - An increase in the Assignment for Human Services Programs of \$242,339 due to revenues exceeding expenses for these funds.
 - The restoration of the Assignments for Unanticipated Liabilities, Budgeted Structural Deficit and Salary Savings totaling \$10,820,216. These assigned fund balances were eliminated to balance the 2022-2023 budget. Sufficient revenues were received in 2022-2023, and these assignments were restored at the Board's direction.

Major Funds

The Off Highway, Roads, and Transportation Fund is a major fund of the County. At June 30, 2023, the fund had a total negative fund balance of \$20,922,053, a decrease of \$23,322,997 compared to the prior fiscal year. The decrease in fund balance was due to an increase in expenditures of \$31.7 million as a result of spending related to damages caused by the 2023 winter storms. The increase in expenditures was partially offset by an increase in revenues of \$4.4 million, primarily in aid from other governments, which is related to accruals for FEMA for expenditures for projects related to the 2017 storms. The primary source of revenue for the Off Highway, Roads and Transportation Fund is from state and federal reimbursement grants, therefore it is not unusual for the fund to have had a negative fund balance related to unreimbursed expenditures.

The Housing Fund is a major fund of the County. At June 30, 2023, the Housing Fund's total fund balance was \$88,766,639 all of which is spendable (restricted) for the purpose of the fund. While fund balance only decreased by \$479,459, or less than 1%, revenue from aid from other governments increased by \$16.1 million compared to the prior year and expenditures increased by \$16.8 million. The increase in revenue was for grant funding received for Project Homekey, a program administered by the California Department of Housing and Community Development to create opportunities for agencies to acquire hotels, motels, apartments, and other buildings to provide long-term homes for people experiencing or at risk of homelessness. The increase in expenditures was directly related to Project Homekey for the purchase of property and related costs.

The Debt Service Fund is a fund type used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The unspent cash balance of bonds issued is also reported in the Debt Service Fund. The County previously reported these funds in the Financing Authorities Fund, a nonmajor special revenue fund. The Debt Service Fund had a total spendable (restricted) fund balance of \$32,609,206 at June 30, 2023, an increase of \$8,115,405, or 33% of the fund balance that had previously been reported in the Financing Authorities Fund. The increase is related to the unspent portion of proceeds from the 2023A Lease Revenue Bond issued during the 2022-2023 fiscal year.

The spendable (restricted) Capital Projects Fund balance of \$8,128,410 was spendable (restricted) at June 30, 2023. The fund balance was \$5,831,206, or 41.7% lower than the prior fiscal year. Since most of the revenue in the Capital Projects Fund is from drawdowns for project costs, increases and decreases in fund balance are primarily a result of timing differences between project costs and reimbursements for those costs.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year for all governmental funds:

Revenues Classified by Source					
Governmental Funds					
	2023	% of Total	2022	% of Total	Change
Taxes	\$ 194,022,683	24.18%	\$ 189,522,587	26.13%	\$ 4,500,096
Licenses and permits	16,175,061	2.02%	16,787,591	2.31%	(612,530)
Fines, forfeits and penalties	13,059,294	1.63%	9,800,870	1.35%	3,258,424
Use of money and property	10,090,599	1.26%	(3,664,243)	(0.51%)	13,754,842
Aid from other governments	462,948,637	57.68%	414,107,759	57.10%	48,840,878
Charges for services	97,979,347	12.21%	86,831,882	11.97%	11,147,465
Other	8,219,958	1.02%	11,998,807	1.65%	(3,778,849)
Total	<u>\$ 802,495,579</u>	<u>100.00%</u>	<u>\$ 725,385,253</u>	<u>100.00%</u>	<u>\$ 77,110,326</u>

Overall revenues increased by \$77.1 million over the prior year. The increase in revenue consisted of the following: The majority of the increase was in aid from other governments which increased by \$48.8 million over the prior fiscal year primarily due to the following:

- \$25 million was received from the State of California Department of Health Care Services. Funds were received from the state and contributed to Pajaro Valley Healthcare District for the purchase of Watsonville Community Hospital.
- \$19 million was received from the State of California Housing and Community Development for Project Homekey
- The remaining increase is primarily related to accrued FEMA revenue related to 2017 storm damage.

Use of money and property increased by \$13.8 million. The change was caused by the change in the fair value of investments held in the County's treasury. In the prior fiscal year, the fair value of pooled investments held in the County's treasury decreased by \$32,494,816. The prior year's unrealized loss in fair value was required to be reported as interest income even though it resulted in a negative amount. While the fair value of pooled investments has not recovered, there was little change between the fair value in the prior and current fiscal years so current year revenue from the use of money and property more closely reflects actual realized earnings and gains. See Note 2 - Cash and Investments for a more detailed explanation of the fair value adjustment.

Charges for services increased by \$11.1 million due to several things described below:

- District election charges increased by \$858,476 over the prior year as a result of the November 8, 2022 statewide general election.
- Outpatient clinic fees increased by \$5.7 million as a result of the shift from inpatient to outpatient visits due to improved technology and techniques resulting in improvements in minimally invasive surgeries and an increase in online appointments.
- Parks maintenance charges increased by \$1.1 million as park usage continues to rise following a decline during the COVID 19 pandemic.
- An increase of \$631,267 in cost recovery was primarily related to homeless assistance programs such as Project Homekey.
- There was an increase of \$3.1 million related to the National Opioids Settlement.

Taxes increased by \$4.5 million as property values continue to rise and fines, forfeits and penalties increased by \$3.3 million due to a transfer from the tax loss reserve fund. The tax loss reserve fund is used to accumulate penalties and interest from delinquent taxes. The Treasury is required to set aside penalties and interest and maintain a minimum balance in the tax loss reserve fund. When the fund exceeds the minimum balance, the County is allowed to transfer money to the general fund upon approval from the Board of Supervisors. Other revenue decreased by \$3.8 million, primarily as a result of one-time insurance proceeds received in the prior fiscal year.

The following table presents expenditures by function compared to prior year amounts for all governmental funds:

Expenditures Classified by Source
Governmental Funds

	2023	% of Total	2022	% of Total	Change
General government	\$ 75,856,613	9.15%	\$ 41,915,257	5.01%	\$ 33,941,356
Public protection	205,226,126	24.74%	318,651,678	38.09%	(113,425,552)
Public ways and facilities	69,522,578	8.38%	37,008,384	4.42%	32,514,194
Health and sanitation	214,862,675	25.91%	195,977,550	23.42%	18,885,125
Public assistance	183,050,885	22.07%	179,364,315	21.44%	3,686,570
Education	6,670,919	0.80%	5,605,975	0.67%	1,064,944
Recreation and culture	13,716,349	1.65%	10,532,363	1.26%	3,183,986
Capital outlay	37,113,803	4.47%	28,090,292	3.36%	9,023,511
Debt Service - bond redemption	14,255,727	1.72%	13,546,947	1.62%	708,780
Debt Service -Interest and fiscal charges	9,128,757	1.10%	5,977,025	0.71%	3,151,732
Total	<u>\$ 829,404,432</u>	<u>99.99%</u>	<u>\$ 836,669,786</u>	<u>100.00%</u>	<u>\$ (7,265,354)</u>

Overall expenditures decreased by \$7,265,354. While the overall decrease was less than 1%, spending in certain functions changed significantly. Expenditures for public protection decreased by \$113.4 million or 35.6%, while spending in all other government functions increased. The greatest increases were seen in general government, public ways and facilities and health and sanitation, which increased by \$34 million, \$32.5 million and \$18.9 million or 81%, 87.9% and 9.7%, respectively.

Expenditures in public protection were \$113.4 million lower in 2022-23 than 2021-22 because in 2021-22 the County issued pension obligation bonds in the amount \$124,195,000. The proceeds were used to pay a portion of the County's Safety and Sheriff unamortized, unfunded liability to CalPERS which is the cause of the higher expenditures in public protection in the prior year as compared to the current year.

Of the \$34 million increase in general government expenditures, \$25 million was a contribution to Pajaro Valley Healthcare District Project toward the purchase of Watsonville Community Hospital. In December 2021, the for-profit owners of the hospital filed for bankruptcy. In an effort to save the hospital, the non-profit Pajaro Valley Healthcare District was created in February 2022 through community efforts and fast-tracked state legislation. In September 2023, the County of Santa Cruz contributed \$25 million toward the purchase of the hospital. The funds had been received from the State of California Department of Health Care Services for that purpose. The remaining increase in general government spending was related to various events, including the 2023 storms caused by atmospheric rivers.

The \$32.5 million increase in spending in public ways and facilities was related to damages caused by the 2023 winter storms which is estimated to cost the County over \$140 million and take years to complete.

The \$18.9 million increase in expenditures for health and sanitation was primarily a result of expenditures for Project Homekey, which included \$11 million for the purchase of property and related costs and \$5.3 million of project costs. As discussed previously, Project Homekey is a program administered by the California Department of Housing and Community Development to create opportunities for agencies to acquire hotels, motels, apartments, and other buildings to provide long-term homes for people experiencing, or at risk of homelessness.

Capital outlay also increased as a result of increased spending on capital projects related to damages caused by the 2023 winter storms.

Other financing sources and uses are presented below including changes from the prior year. The most significant difference in other financing sources and uses was in bond proceeds. Proceeds from bonds issued were \$17.3 million in 2022-23 and \$150.5 million in fiscal year 2021-22. The 2023A Lease Revenue bonds issued in fiscal year

2022-23 were used to fund the purchase of 500 Westridge Drive in Watsonville. Refer to Note 10 for more information on long-term debt.

Transfers in and out are detailed in Note 5.

**Other Financing Sources and Uses
 Governmental Funds**

	2023	% of Total	2022	% of Total	Change
Loan proceeds	\$ -	-%	\$ 2,000,000	1.32%	\$ (2,000,000)
Bond proceeds	17,300,000	138.44%	150,480,001	99.41%	(133,180,001)
Bond premium	619,673	4.96%	3,214,154	2.12%	(2,594,481)
Bond discount	-	-%	(52,588)	(0.03%)	52,588
Lease inception	308,901	2.47%	863,259	0.57%	(554,358)
Transfers in	46,655,278	373.36%	38,735,479	25.59%	7,919,799
Transfers out	(52,387,649)	(419.23%)	(43,871,164)	(28.98%)	(8,516,485)
Total	\$ 12,496,203	100.00%	\$ 151,369,141	100.00%	\$ (138,872,938)

The current year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses is presented below:

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS**

	Major Funds						Total Governmental Funds
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	
Revenues	\$ 694,200,309	\$ 36,134,674	\$ 17,653,418	\$ 9,619,567	\$ 929,284	\$ 43,958,327	\$ 802,495,579
Expenditures	(656,151,847)	(63,844,533)	(18,010,365)	(37,113,803)	(16,020,090)	(38,263,794)	(829,404,432)
Net other financing sources/(uses)	(34,185,407)	4,386,862	(122,512)	21,662,976	23,206,211	(2,451,927)	12,496,203
Net change in fund balances	3,863,055	(23,322,997)	(479,459)	(5,831,260)	8,115,405	3,242,606	(14,412,650)
Fund balances, beginning as restated	135,549,142	2,400,944	89,246,098	13,959,670	24,493,801	32,769,555	298,419,210
Fund balances, ending	<u>\$ 139,412,197</u>	<u>\$ (20,922,053)</u>	<u>\$ 88,766,639</u>	<u>\$ 8,128,410</u>	<u>\$ 32,609,206</u>	<u>\$ 36,012,161</u>	<u>\$ 284,006,560</u>

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Business-type activities had a total net position of \$47,738,986 at June 30, 2023, of which \$487,117 was unrestricted.

The following table shows the enterprise funds' actual revenues, expenses, and results of operations for the current fiscal year:

	Major Funds		Total	Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Funds		
Operating revenues	\$ 23,730,842	\$ 5,213,394	\$ 28,944,236	\$ 104,788,646
Operating expenses	(21,055,639)	(4,957,690)	(26,013,329)	(93,580,102)
Net operating income/(loss)	2,675,203	255,704	2,930,907	11,208,544
Net nonoperating revenues/(expenses)	848,568	181,682	1,030,250	1,001,029
Net transfers in/(out)	-	92,964	92,964	5,639,407
Change in net position	3,523,771	530,350	4,054,121	17,848,980
Net position - beginning of year as restated	14,437,450	29,247,415	43,684,865	(79,600,588)
Net position - end of year	\$ 17,961,221	\$ 29,777,765	\$ 47,738,986	\$ (61,751,608)

Total Enterprise fund net position increased by \$4,054,121. The change in net position was primarily due to an increase in the net position of County Disposal Sites CSA 9C of \$3.5 million. The increase was a result of a new special parcel tax for recycling and solid waste infrastructure and closure costs which went into effect on July 1, 2022 and a decrease in expenditures related to a decrease in the current year contribution to the closure and postclosure care costs liability.

The increase in fund net position for Nonmajor Enterprise funds was \$5.5 million lower than the prior year due to a decrease in nonoperating revenue of \$5.9 million. Nonoperating revenue was higher in the prior year primarily due to the receipt of insurance proceeds by Boulder Creek Sanitation CSA 7 to rebuild the treatment plant that was damaged in the CZU Lightning Fire.

Internal Service Funds net position increased by \$17,848,980 for current year activities. Operating revenues of \$104,788,646 increased by \$13,530,620 over the prior fiscal year. The increase in operating revenue was primarily due to increases in Charges for Services in the Public Works Internal Service Fund, which increased by \$9.3 million, and the Liability and Property Internal Service Fund, which increased by \$5.6 million over the prior fiscal year. The increase in charges for services in Public Works was primarily a result of an increase in projects including project revenue and costs resulting from the 2023 winter storms. The increase in charges for services in the Liability and Property Fund was due to increased member contribution rates to cover increases in average claims and an increase in the claims liability, which includes reserves for estimated claims. Decreases in Public Works operating expenses also contributed to the increase in net position. Salaries and benefits decreased by \$8.2 million due to a decrease in deferred inflows of resources related to pensions caused by a decrease in expected earnings resulting from a decrease in the discount rate used to calculate future earnings on investments.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original vs Final Budget: The final General Fund budget for revenues was \$56.1 million higher than the original budget. Budget increases of \$4.5 million in fines, forfeits and penalties and \$51.8 million in aid from other governments accounted for the majority of the change. The \$4.5 million increase in fines, forfeits and penalties was due to an unanticipated transfer of accumulated penalties and interest from the tax loss reserve fund. The increase in aid from other governments was due to an unanticipated contribution of \$25 million from the State of California Department of Health Care Services for distribution to Pajaro Valley Health Care District for the purchase of Watsonville Community Hospital. The remaining increase in the budget for aid for other governments was related to health and sanitation and public assistance and was for unanticipated federal and state grant revenue for various projects to provide aid and shelter to children, families and individuals at risk.

The General Fund budget for expenditures was \$39.8 million, or 5.8%, higher than the original budget. The increase was primarily a result of increases in other charges of \$32.9 million. The majority of the increase was for the \$25 million distribution of the amount discussed above to Pajaro Valley Healthcare District for the purchase of Watsonville Community Hospital. The remaining increase in budgeted expenditures correlates with the increases in budgeted revenue. The primary increases in the expenditures budget was for other charges in health and sanitation and public assistance for new projects to provide aid and shelter to children, families and individuals at risk.

Final Budget vs Actual: General Fund actual expenditures were approximately \$68.7 million below final budget amounts. The variance was primarily made up of unspent appropriations of \$31.3 million for salaries and employee benefits, \$26.1 million for services and supplies, \$10.6 million for other charges and \$14 million for appropriations for contingencies. The differences between budgeted vs actual salaries and employee benefits and services and supplies are primarily related to unspent appropriations in health and sanitation and public assistance, which received unanticipated revenue briefly discussed above. The majority of the budget adjustments discussed above were made a few months before year-end. The main cause of the difference between budgeted and actual expenditures is related to timing differences between projects being budgeted and actual expenditures. When such timing differences occur unspent appropriations for budgeted projects are rolled over to the subsequent fiscal year.

Fund balance: As a result of factors and circumstances explained above the General Fund's fund balance increased by \$3.9 million versus an estimated decrease of \$39.1 million.

For additional information, readers should refer to the letter of transmittal.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2023 totaled \$805,390,942 (net of accumulated depreciation of \$639,551,695). Capital assets include land, construction-in-progress, infrastructure, buildings and structures, and equipment. There was an 8.7% increase in total activities for the 2022-2023 fiscal year in the amount of \$64,220,817.

For the government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2022-2023 fiscal year.

Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Land	\$ 64,262,447	\$ 64,244,892	\$ 1,858,849	\$ 1,858,849	\$ 66,121,296	\$ 66,103,741
Construction-in-progress	53,097,069	36,877,786	789,440	14,555,546	53,886,509	51,433,332
Infrastructure	842,097,373	789,978,361	-	-	842,097,373	789,978,361
Buildings and structures	302,498,338	281,740,908	73,346,245	58,006,672	375,844,583	339,747,580
Equipment	63,787,556	59,112,346	11,869,552	11,175,681	75,657,108	70,288,027
Buildings - ROU	23,668,745	22,038,921	-	-	23,668,745	22,038,921
Machinery and equipment - ROU	2,486,241	206,984	-	-	2,486,241	206,984
SBITAs	5,180,782	-	-	-	5,180,782	-
Accumulated depreciation	(594,051,787)	(555,901,923)	(45,499,908)	(42,724,898)	(639,551,695)	(598,626,821)
Total	\$ 763,026,764	\$ 698,298,275	\$ 42,364,178	\$ 42,871,850	\$ 805,390,942	\$ 741,170,125

Governmental Activities

Net capital assets in governmental activities increased by \$64.7 million. The total increase in nondepreciable, depreciable and amortizable assets was \$105.3 million, which includes (1) right-of-use lease assets of \$3.9 million related to GASB 87 accounting and (2) Subscription-Based Information Technology Agreements (SBITA) of \$5.2 million related to GASB 96 accounting. Of the \$3.9 million related to lease assets, \$2.4 million is for a prior period adjustment. The remaining increase of \$96.2 million includes additions to construction-in-progress, infrastructure, buildings, and machinery and equipment. The total increase is offset by depreciation and amortization expense of \$40.4 million, and disposals of \$2.42 million, net of related depreciation of \$2.39 million. The total increase in buildings was \$20.8 million, which includes \$20.4 million in completed building projects reclassified from construction-in-progress. Additionally, infrastructure increased by \$52.1 million.

The total increase in machinery and equipment was \$4.7 million which includes \$7.1 million in new machinery and equipment and \$2.4 million in retirements.

There is a prior period adjustment made for right-of-use lease assets related to prior year accounting change for GASB 87 of \$2.4 million. This amount includes a prior period adjustment for Internal Service Funds of \$645.8 thousand. As a result, the Net Capital Assets beginning balance increased from \$698.3 million to \$700.6 million.

Construction-in-progress increased by \$16.2 million, which includes increases in construction-in-progress of \$36.7 million and a decrease of \$20.4 million due to completed projects. The majority of the completed projects related to Education (Libraries), General Government, and Parks and Recreation and Education areas.

Business-Type Activities

Net capital assets for business-type activities decreased by \$0.5 million. The net decrease includes additions of nondepreciable and depreciable assets of \$2.3 million, offset by added depreciation of \$2.8 million. The total increase in buildings was \$15.3 million, which includes \$14.5 million of completed projects transferred from construction-in-progress.

The total increase in machinery and equipment was \$693.9 thousand which includes only new purchases. There were disposals in the current year. Additional information on the County's capital assets can be found in Note 7 on pages 86-88 of this report.

Long-Term Debt

The County's long-term debt for governmental and business-type activities is presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Refunding certificates of participation	\$ 18,646,792	\$ 22,315,865	\$ -	\$ -	\$ 18,646,792	\$ 22,315,865
Lease revenue bonds	73,944,242	57,612,663	4,861,483	5,171,190	78,805,725	62,783,853
Lease revenue refunding bonds	4,846,530	5,167,183	-	-	4,846,530	5,167,183
Certificates of participation	253,412	500,228	-	-	253,412	500,228
Taxable pension obligation bonds	113,505,000	118,690,000	-	-	113,505,000	118,690,000
Loans payable	3,477,216	4,337,262	5,236,802	5,510,602	8,714,018	9,847,864
Leases	20,948,184	19,913,612	-	-	20,948,184	19,913,612
Subscription Based Information Technology Agreements	3,688,272	-	-	-	3,688,272	-
Total	\$ 239,309,648	\$ 228,536,813	\$ 10,098,285	\$ 10,681,792	\$ 249,407,933	\$ 239,218,605

For the governmental activities, the County had total long-term debt outstanding of \$239,309,648 as compared to \$228,536,813 the prior year (excluding compensated absences, estimated claims and other postemployment benefits liability), an increase of \$10,772,835. A Lease Revenue Bond was issued in the amount of \$17,300,000 to fund improvements of facilities located at 500 Westridge Dr. in Watsonville, CA, to capitalize interest on the 2023 Bonds for a limited period and to pay for the cost of issuance. An additional increase of \$4,722,844 is attributable to right of use lease assets and subscription-based information technology agreements related to GASB 87 and GASB 96 implementation. This was offset by retirement of debt in the amount of \$11.9 million.

For the business-type activities, the County had total long-term debt outstanding of \$10,098,285 as compared to \$10,681,792 in the prior year (excluding postclosure liability and other post-employment benefits liability), a decrease of \$583,507. This decrease is due to bond debt retirement and lease payments.

The County's total debt for all primary government activities increased by \$10,189,328, or 4.3%, during the current fiscal year (excluding compensated absences, estimated claims, postclosure liability and other post-employment benefits liability).

The County maintains a Standard & Poor's 'SP-1+' and a Moody's 'MIG 1' rating for short-term notes. Moody's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "A1" and its Issuer Rating of "Aa3." These ratings were last reviewed by Moody's in June 2022. Standard & Poor's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "AA+." This rating was last reviewed by Standard & Poor's in February 2023. Such ratings reflect only the views of the rating agency and any desired explanation of the significance of such ratings should be obtained from the rating agency.

The component unit, Santa Cruz County Sanitation District, had total long-term debt outstanding of \$37,729,698 as compared to \$39,029,969 in the prior year. This amount consists of \$17,640,358 of Loans Payable and \$20,089,340 of Bonds payable. Retirement of debt amounted to \$1,300,271.

Additional information on the County's long-term debt can be found in Note 10 on pages 93-103 of this report.

RETIREMENT COSTS AND OBLIGATIONS

Retirement Costs

The County's current retirement costs consist of several components including pension costs, other post-employment benefits (OPEB) costs and social security costs. For the 2022-2023 fiscal year, total retirement costs for the County were \$237,428,075. Of the \$237.4 million in retirement costs, the County contributed \$205.2 million. Employee contributions account for the remaining \$32.2 million. Total retirement costs included pension costs of \$197.6 million, other post-employment benefits of \$7.8 million and social security costs of \$32.1 million. These costs reflect an increase of \$123.5 million, or 108.4% compared to the prior year. The change resulted from an increase in Pension, OPEB and social security costs over the prior year of \$121.2 million, \$0.0 million and \$2.4 million, respectively.

Retirement Obligations

Obligations to pay pension and OPEB benefits in the future make up the County's retirement obligation. Total retirement obligations of the County were \$715,915,301 as of June 30, 2023; \$551.9 million was the liability for pension benefits and \$164.1 million was the liability for OPEB. Total retirement obligations increased by \$114.8 million, or 19.1%, over the prior year. The total increase was made up of an increase in pension liability of \$148.8 million and a decrease in OPEB liability of \$34.0 million, respectively.

Pension plan costs and obligations are presented below to illustrate changes from the prior four years.

Annual Summary of Total Retirement Costs and Obligations

	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Total Pension Cost	\$ 61,415,383	\$ 70,436,125	\$ 76,413,986	\$ 197,572,848
Total OPEB Cost	7,014,009	7,502,010	7,798,262	7,778,586
Total Social Security Cost	27,812,605	28,004,288	29,700,358	32,076,641
Total Retirement Cost	\$ 96,241,997	\$ 105,942,423	\$ 113,912,606	\$ 237,428,075
Total Employee Contribution	\$ 28,339,466	\$ 29,850,345	\$ 30,965,269	\$ 32,235,738
Total County Contribution	67,902,531	76,092,078	82,947,337	205,192,336
Total Retirement Cost	\$ 96,241,997	\$ 105,942,423	\$ 113,912,606	\$ 237,428,074
Unfunded County Pension Liability Obligation	\$ 523,261,501	\$ 578,136,564	\$ 403,051,601	\$ 551,860,117
Unfunded County OPEB Liability Obligation	175,366,985	199,161,983	198,067,557	164,055,184
Total County Unfunded Liabilities	\$ 698,628,486	\$ 777,298,547	\$ 601,119,158	\$ 715,915,301
Miscellaneous Pension Plan Funded Ratio Market Value of Assets (MVA)	68.2%	67.3%	76.8%	67.2%
Safety Pension Plan Funded Ratio MVA	68.1%	67.0%	67.9%	82.8%
Safety Sheriff Pension Plan Funded Ratio MVA	61.2%	61.3%	77.1%	86.0%

Additional information on Pension Plans and Post-Retirement Health Care Benefits can be found in Notes 14 and 15 of this report.

Fund financial statements record contributions to the County's pension and OPEB liabilities as expenditures.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The following factors were considered in preparing the County's recommended budget for FY 2023-24:

The recommended 2023-24 budget incorporated the Board of Supervisors' priorities for the coming year based on the County's adopted six-year Strategic Plan for 2018-24 and the proposed two-year Operational Plan for 2023-25. The \$1.104 billion recommended governmental fund budget included a balanced \$731.5 million general fund that prioritized sustaining existing commitments and capacity, including nearly \$12 million in the Base Budget for salary and benefit increases, with modest targeted investments to improve services to the community.

Total adopted 2023-24 governmental fund revenues reflected an increase of 19.4%, or \$163,163,203 comparing 2023-24 budget to 2022-23 actual revenues. The adopted 2023-24 budget appropriations for governmental fund expenditures included a 23%, or \$194,687,256, increase when compared to 2022-23 actual expenditures. The primary reasons for the increase were increased budgeted expenditures in the Road Fund related to the 2023 Storms, as well as an increase in expenditures carried over from the prior year from the Capital Projects Funds.

The adopted 2023-24 budget for the general fund was increased by \$19,401,855 in financing resources and \$35,086,164 in financing uses due largely to year-end routine concluding actions to carry over revenue and budget appropriations for multi-year contracts and projects. The net use of \$15,684,309 was financed by a reduction of fund balance carry-over for the prior fiscal year transactions whose appropriations will carry over into 2023-24.

The adopted 2023-24 budget included \$115.9 million that had been reserved (obligated) in the general fund for specific purposes. The total committed and assigned obligations of \$79.4 million in the adopted budget represented 10.75% of the general fund operating revenues in accordance with the County's Fund Balance Policy, which states that the minimum fund balance in the County general fund's committed and assigned fund balance categories shall be no less than a total of 7% of the upcoming budget year's estimated revenues. In addition, the general fund appropriations included a contingency of \$7.57 million.

The County's interactive budget and the County's Two-Year Operational Plan can be found at the County of Santa Cruz Strategic Plan website: Vision Santa Cruz (santacruzcountyca.gov). The County's adopted budget document can be found on the County's Budget and Financial Reports website: Budget and Financial Reports (santacruzcountyca.gov).

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, County of Santa Cruz, 701 Ocean Street, Room 100, Santa Cruz, CA 95060.



Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Government-Wide Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	
	Activities	Activities		
ASSETS				
Cash and investments	\$ 312,591,571	\$ 15,500,749	\$ 328,092,320	\$ 18,715,108
Restricted cash and investments	38,317,834	14,470,398	52,788,232	17,860,273
Receivables, net	114,836,071	2,171,497	117,007,568	-
Due from other funds	1,100,000	(1,100,000)	-	-
Leases receivable	46,443	-	46,443	-
Deposits with others	529,787	62,625	592,412	-
Inventory	538,046	216,348	754,394	-
Prepaid items	1,986,806	-	1,986,806	-
Land held for resale	1,166,891	-	1,166,891	-
Loans receivable	80,655,918	6,367	80,662,285	-
Internal balances	(3,129,184)	3,129,184	-	-
Capital Assets:				
Nondepreciable assets	117,359,516	2,648,289	120,007,805	12,797,563
Depreciable assets, net	645,667,248	39,715,889	685,383,137	138,700,490
Total assets	1,311,666,947	76,821,346	1,388,488,293	188,073,434
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	470,490	-	470,490	-
Deferred pensions	186,557,361	-	186,557,361	-
Deferred OPEB	23,304,098	-	23,304,098	-
Total deferred outflows of resources	210,331,949	-	210,331,949	-

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	
	Activities	Activities		
LIABILITIES				
Accounts payables	\$ 81,863,805	\$ 1,147,763	\$ 83,011,568	\$ 3,461,530
Salaries and benefits payable	19,600,335	-	19,600,335	-
Deposits payable	3,286,835	216,051	3,502,886	-
Accrued interest payable	1,011,795	92,892	1,104,687	136,345
Tax and revenue anticipation notes payable	50,353,333	-	50,353,333	-
Unearned revenues	43,728,872	-	43,728,872	-
Due to other governments	42,364	-	42,364	-
Long-term liabilities:				
Due within one year				
Compensated absences	29,677,504	-	29,677,504	-
Estimated claims	11,726,829	-	11,726,829	-
Leases & SBITAs payable	4,140,848	-	4,140,848	-
Bonds and loans payable	12,513,266	605,807	13,119,073	1,268,422
Due in more than one year				
Compensated absences	8,338,099	-	8,338,099	-
Estimated claims	45,921,000	-	45,921,000	-
Leases & SBITAs payable	20,495,608	-	20,495,608	-
Bonds and loans payable	202,159,926	9,492,478	211,652,404	36,461,275
Postclosure care costs	-	14,398,185	14,398,185	-
Total OPEB liability	164,055,184	-	164,055,184	-
Net pension liability	551,860,117	-	551,860,117	-
Total liabilities	<u>1,250,775,720</u>	<u>25,953,176</u>	<u>1,276,728,896</u>	<u>41,327,572</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	45,074	-	45,074	-
Deferred pensions	5,218,100	-	5,218,100	-
Deferred OPEB	49,606,132	-	49,606,132	-
Total deferred inflows of resources	<u>54,869,306</u>	<u>-</u>	<u>54,869,306</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	642,444,451	32,265,893	674,710,344	131,627,947
Restricted for:				
Debt service	2,272,740	14,985,976	17,258,716	-
Capital asset acquisition	38,464,876	-	38,464,876	-
Public ways and facilities	67,844,586	-	67,844,586	-
Unrestricted	(534,672,783)	3,616,301	(531,056,482)	15,117,915
Total net position	<u>\$ 216,353,870</u>	<u>\$ 50,868,170</u>	<u>\$ 267,222,040</u>	<u>\$ 146,745,862</u>

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 81,906,818	\$ 30,701,776	\$ 36,617,215	\$ -	\$ 67,318,991
Public protection	222,981,605	26,980,972	70,717,803	-	97,698,775
Public ways and facilities	31,111,842	6,799,982	13,958,501	16,015,475	36,773,958
Health and sanitation	226,020,804	69,704,260	155,866,446	-	225,570,706
Public assistance	191,421,806	1,533,227	169,622,247	-	171,155,474
Education	7,525,058	2,017	113,395	-	115,412
Recreation and cultural services	15,067,940	4,273,217	52,856	-	4,326,073
Debt service	11,757,140	-	223,000	-	223,000
Total governmental activities	787,793,013	139,995,451	447,171,463	16,015,475	603,182,389
Business-type activities:					
County Disposal Sites CSA 9C	18,515,098	23,520,113	647,913	-	24,168,026
Boulder Creek CSA 7	464,386	548,793	-	3,797	552,590
Rolling Woods CSA 10	16,296	64,843	-	-	64,843
Septic Tank Maintenance CSA 12	1,531,658	2,124,269	-	-	2,124,269
Freedom County Sanitation District	1,289,278	1,316,749	71,977	-	1,388,726
Davenport County Sanitation District	800,071	563,866	6,017	-	569,883
Place de Mer CSA 2	93,911	107,400	-	-	107,400
Sand Dollar Beach CSA 5	381,205	326,713	-	-	326,713
Trestle Beach CSA 20	67,970	82,543	-	-	82,543
Total business-type activities	23,159,873	28,655,289	725,907	3,797	29,384,993
Total primary government	\$ 810,952,886	\$ 168,650,740	\$ 447,897,370	\$ 16,019,272	\$ 632,567,382
Component unit:					
Santa Cruz County Sanitation District	\$ 29,428,416	\$ 30,189,592	\$ 189,673	\$ -	\$ 30,379,265

General Revenues:

Taxes:

- Property taxes
- Property transfer fees
- Sales and use taxes
- Transient occupancy taxes
- Other taxes
- Total taxes

- Interest and investment earnings
- Gain on disposal of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year
Prior period adjustment

Net position - beginning of year as restated

Net position - end of year

See accompanying Notes to Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (14,587,827)	\$ -	\$ (14,587,827)	
(125,282,830)	-	(125,282,830)	
5,662,116	-	5,662,116	
(450,098)	-	(450,098)	
(20,266,332)	-	(20,266,332)	
(7,409,646)	-	(7,409,646)	
(10,741,867)	-	(10,741,867)	
(11,534,140)	-	(11,534,140)	
<u>(184,610,624)</u>	<u>-</u>	<u>(184,610,624)</u>	
-	5,652,928	5,652,928	
-	88,204	88,204	
-	48,547	48,547	
-	592,611	592,611	
-	99,448	99,448	
-	(230,188)	(230,188)	
-	13,489	13,489	
-	(54,492)	(54,492)	
-	14,573	14,573	
-	<u>6,225,120</u>	<u>6,225,120</u>	
<u>\$ (184,610,624)</u>	<u>\$ 6,225,120</u>	<u>\$ (178,385,504)</u>	
			\$ 950,849
\$ 145,670,620	\$ 52,584	\$ 145,723,204	\$ -
2,457,021	-	2,457,021	-
27,481,540	-	27,481,540	-
11,528,137	-	11,528,137	-
6,885,365	-	6,885,365	-
<u>194,022,683</u>	<u>52,584</u>	<u>194,075,267</u>	<u>-</u>
10,785,933	523,035	11,308,968	1,101,757
53,991	-	53,991	9,409
8,355,245	288,948	8,644,193	1,489,900
(92,964)	92,964	-	-
<u>213,124,888</u>	<u>957,531</u>	<u>214,082,419</u>	<u>2,601,066</u>
28,514,264	7,182,651	35,696,915	3,551,915
175,178,956	43,685,519	218,864,475	143,193,947
12,660,650	-	12,660,650	-
<u>187,839,606</u>	<u>43,685,519</u>	<u>231,525,125</u>	<u>143,193,947</u>
<u>\$ 216,353,870</u>	<u>\$ 50,868,170</u>	<u>\$ 267,222,040</u>	<u>\$ 146,745,862</u>

See accompanying Notes to Basic Financial Statements.



Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Governmental Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



General Fund – The General Fund is used to account for sources and uses of financial resources traditionally associated with governments, which are not required to be accounted for in another fund.

Off Highway, Road, and Transportation Fund – The Off Highway, Road, and Transportation Fund provides for the construction and maintenance of County roads, along with transportation planning activities. Revenues consist primarily of State and Federal grants, State taxes, and a State subvention from vehicle license fees.

Housing Fund – The Housing Fund is primarily used to account for Community Development Block Grant Programs. The principal sources of revenues are State grants and housing rehabilitation loan repayments.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition of land, and acquisition and construction of major facilities other than those financed by the proprietary funds.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Nonmajor Governmental Funds – Nonmajor Governmental Funds is the aggregate of all the nonmajor governmental funds.

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	Major Funds						Total Governmental Funds
	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	
ASSETS							
Cash and investments	\$ 200,829,393	\$ 77,302	\$ 17,770,846	\$ 9,135,169	\$ -	\$ 40,754,313	\$ 268,567,023
Restricted cash and investments	-	-	-	-	38,317,834	-	38,317,834
Receivables, net	88,460,364	24,695,279	171,648	-	-	1,017,049	114,344,340
Due from other funds	-	-	-	5,708,628	-	-	5,708,628
Leases receivable	46,443	-	-	-	-	-	46,443
Loans receivable	-	-	80,655,918	-	-	-	80,655,918
Deposits with others	70,000	-	-	-	-	-	70,000
Prepays	1,974,189	-	-	-	-	-	1,974,189
Land held for resale	-	-	1,166,891	-	-	-	1,166,891
Total assets	\$ 291,380,389	\$ 24,772,581	\$ 99,765,303	\$ 14,843,797	\$ 38,317,834	\$ 41,771,362	\$ 510,851,266
LIABILITIES							
Accounts payable	\$ 42,897,167	\$ 23,414,713	\$ 271,917	\$ 6,715,387	\$ -	\$ 5,714,921	\$ 79,014,105
Salaries and benefits payable	18,709,913	-	-	-	-	-	18,709,913
Deposits payable	1,928,920	-	-	-	-	-	1,928,920
Tax and revenue anticipation notes payable	50,353,333	-	-	-	-	-	50,353,333
Due to other governments	42,364	-	-	-	-	-	42,364
Due to other funds	-	11,300,000	-	-	5,708,628	-	17,008,628
Advances from other funds	1,341,821	1,889,926	-	-	-	-	3,231,747
Unearned revenues	23,867,850	9,089,995	10,726,747	-	-	44,280	43,728,872
Total liabilities	139,141,368	45,694,634	10,998,664	6,715,387	5,708,628	5,759,201	214,017,882
Deferred inflows of resources							
Opioid settlement	12,781,750	-	-	-	-	-	12,781,750
Lease related	45,074	-	-	-	-	-	45,074
Total deferred inflows of resources	12,826,824	-	-	-	-	-	12,826,824
FUND BALANCES (DEFICIT)							
Nonspendable	1,974,189	-	-	-	-	-	1,974,189
Restricted	34,740,568	-	88,766,639	8,128,410	32,609,206	36,388,084	200,632,907
Committed	20,997,367	-	-	-	-	-	20,997,367
Assigned	81,700,073	-	-	-	-	-	81,700,073
Unassigned	-	(20,922,053)	-	-	-	(375,923)	(21,297,976)
Total fund balances (deficit)	139,412,197	(20,922,053)	88,766,639	8,128,410	32,609,206	36,012,161	284,006,560
Total liabilities and fund balances (deficit)	\$ 291,380,389	\$ 24,772,581	\$ 99,765,303	\$ 14,843,797	\$ 38,317,834	\$ 41,771,362	\$ 510,851,266

See accompanying Notes to Basic Financial Statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
 JUNE 30, 2023**

Total Fund Balances - Total Governmental Funds		\$ 284,006,560
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Net of \$11,910,015 of internal service fund capital assets.)		746,448,845
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	167,140,210	
Deferred outflows - OPEB related	20,351,453	
Deferred inflows - pension related	(4,633,843)	
Deferred inflows - OPEB related	<u>(43,321,002)</u>	139,536,818
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position:		
Internal service funds included in governmental activities		(61,751,608)
Transfer of internal service funds to business-type activities		(3,129,184)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.		
Refunding certificates of participation, including premium	(18,646,792)	
Lease revenue bonds	(73,944,242)	
Lease revenue refunding bonds, including premium	(4,846,530)	
Certificates of participation, including premium	(253,412)	
Pension obligation bonds	(113,505,000)	
Net pension liability	(490,069,827)	
Total other post-employment benefits (OPEB) liability	(143,269,281)	
Compensated absences	(32,340,105)	
Other long-term liabilities	(3,477,216)	
Lease related	<u>(20,709,590)</u>	(901,061,995)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.		(947,806)
Governmental funds report revenue when it is measurable and available, whereas revenue that is collectible, but not available is recognized immediately in the statement of activities.		
Deferred inflows - Opioid settlement		12,781,750
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred amount on refunding		<u>470,490</u>
Net Position of Governmental Activities		<u>\$ 216,353,870</u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Funds						Total Governmental Funds
	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	
REVENUES:							
Taxes	\$ 163,997,300	\$ 3,959,427	\$ -	\$ -	\$ -	\$ 26,065,956	\$ 194,022,683
Licenses and permits	16,152,951	-	-	-	-	22,110	16,175,061
Fines, forfeits and penalties	13,030,762	-	-	-	-	28,532	13,059,294
Use of money and property	7,934,806	(173,369)	477,192	214,544	929,284	708,142	10,090,599
Aid from other governments	405,016,614	29,580,530	16,474,901	8,633,023	-	3,243,569	462,948,637
Charges for services	81,563,806	2,395,052	684,148	-	-	13,336,341	97,979,347
Other	6,504,070	373,034	17,177	772,000	-	553,677	8,219,958
Total revenues	694,200,309	36,134,674	17,653,418	9,619,567	929,284	43,958,327	802,495,579
EXPENDITURES:							
Current:							
General government	75,551,653	-	-	-	-	304,960	75,856,613
Public protection	182,058,696	-	-	-	-	23,167,430	205,226,126
Public ways and facilities	-	63,760,857	-	-	-	5,761,721	69,522,578
Health and sanitation	214,846,774	-	-	-	-	15,901	214,862,675
Public assistance	165,040,520	-	18,010,365	-	-	-	183,050,885
Education	150,857	-	-	-	-	6,520,062	6,670,919
Recreation and cultural services	11,243,040	-	-	-	-	2,473,309	13,716,349
Debt service:							
Principal	3,772,587	-	-	-	10,465,000	18,140	14,255,727
Interest	1,617,976	83,676	-	-	5,234,530	2,271	6,938,453
Bond issuance costs	-	-	-	-	320,210	-	320,210
Fiscal charges	1,869,744	-	-	-	350	-	1,870,094
Capital outlay	-	-	-	37,113,803	-	-	37,113,803
Total expenditures	656,151,847	63,844,533	18,010,365	37,113,803	16,020,090	38,263,794	829,404,432
REVENUES OVER (UNDER) EXPENDITURES	38,048,462	(27,709,859)	(356,947)	(27,494,236)	(15,090,806)	5,694,533	(26,908,853)
OTHER FINANCING SOURCES (USES):							
Bonds issued	-	-	-	-	17,300,000	-	17,300,000
Bond premium	-	-	-	-	619,673	-	619,673
Lease inception	308,901	-	-	-	-	-	308,901
Transfers in	5,677,464	4,386,862	-	21,662,976	14,927,976	-	46,655,278
Transfers out	(40,171,772)	-	(122,512)	-	(9,641,438)	(2,451,927)	(52,387,649)
Total other financing sources (uses)	(34,185,407)	4,386,862	(122,512)	21,662,976	23,206,211	(2,451,927)	12,496,203
Net change in fund balance (deficit)	3,863,055	(23,322,997)	(479,459)	(5,831,260)	8,115,405	3,242,606	(14,412,650)
Fund balances - beginning	135,549,142	2,400,944	76,650,245	13,959,670	-	57,188,428	285,748,429
Prior period adjustment (Note 20)	-	-	12,595,853	-	24,493,801	(24,418,873)	12,670,781
Fund balances - beginning as restated	135,549,142	2,400,944	89,246,098	13,959,670	24,493,801	32,769,555	298,419,210
Fund balances (deficit) - ending	\$ 139,412,197	\$ (20,922,053)	\$ 88,766,639	\$ 8,128,410	\$ 32,609,206	\$ 36,012,161	\$ 284,006,560

See accompanying Notes to Basic Financial Statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) TO THE
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds		\$ (14,412,650)
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported acquisitions of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense:		
Expenditures for general capital assets, infrastructure, and other related capital assets	91,739,587	
Retirement of capital assets	(1,970)	
Less current year depreciation and amortization	<u>(36,080,757)</u>	55,656,860
Issuance of long-term debt provided current financial resources to the governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Pension obligation bonds issued	(17,300,000)	
Premiums	(619,673)	
Lease inception	(36,263)	
SBITA inception	<u>(272,638)</u>	(18,228,574)
Repayment of debt principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position:		
Refunding certificates of participation	3,605,000	
Certificates of participation	240,000	
Lease revenue bonds	1,190,000	
Lease revenue refunding bonds	323,424	
Pension obligation bonds	5,185,000	
Loan principal payments	860,046	
Lease related	<u>2,922,523</u>	14,325,993
Some revenues reported in the Government-Wide Statement of Activities are not available to fund current operations. Therefore, they are not reported as revenues in the governmental funds:		
Change in deferred inflows - Opioid settlement		12,781,750
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources. Therefore, they are not reported as expenditures in the governmental funds:		
Amortization of bond premium/discount	466,212	
Change in accrued interest payable	(158,207)	
Change in compensated absences	(1,452,781)	
Change in deferred loss on bond refunding	(106,000)	
Change in total OPEB liability and related deferred outflows and inflows of resources	(1,010,862)	
Change in net pension liability and related deferred outflows and inflows of resources	<u>(34,067,927)</u>	(36,329,565)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds was reported with governmental activities.		
		17,848,980
Reverse of prior year transfer of internal service funds to business-type activities.		654
Transfer of internal service funds to business-type activities.		<u>(3,129,184)</u>
Change in Net Position of Governmental Activities		<u>\$ 28,514,264</u>

See accompanying Notes to Basic Financial Statements.



Proprietary Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Proprietary Funds – Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

Enterprise Funds – The Enterprise Funds are used to account for County operations that are financed and operated in a manner similar to private business enterprises. The intent of the County in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

County Disposal Sites CSA 9C – The County Disposal Sites CSA 9C Fund is used to account for the activities of the County’s refuse utility, which provides refuse pick-up services, recycling services, and a sanitary landfill for residents of the County.

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds		Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 11,083,447	\$ 4,417,302	\$ 15,500,749	\$ 44,024,549
Restricted cash and investments	14,416,960	53,438	14,470,398	-
Receivables	-	2,171,497	2,171,497	491,731
Due from other funds	-	-	-	12,475,845
Deposits with others	62,625	-	62,625	459,787
Inventory	216,348	-	216,348	538,046
Prepaid items	-	-	-	12,617
Advances to other funds	-	-	-	3,231,747
Total current assets	25,779,380	6,642,237	32,421,617	61,234,322
Noncurrent assets:				
Loans receivable	-	6,367	6,367	-
Capital Assets:				
Land	1,858,849	-	1,858,849	97,087
Construction-in-progress	137,250	652,190	789,440	160,350
Depreciable:				
Buildings and structures	33,465,707	39,880,538	73,346,245	4,464,284
Equipment	11,787,966	81,586	11,869,552	42,386,209
Subscription based information technology	-	-	-	3,194,334
Accumulated depreciation	(33,547,802)	(11,952,106)	(45,499,908)	(33,724,345)
Capital assets, net	13,701,970	28,662,208	42,364,178	16,577,919
Total noncurrent assets	13,701,970	28,668,575	42,370,545	16,577,919
Total assets	39,481,350	35,310,812	74,792,162	77,812,241
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	-	-	-	19,417,153
Deferred OPEB	-	-	-	2,952,645
Total deferred outflows of resources	-	-	-	22,369,798

See accompanying Notes to Basic Financial Statements.

STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal Sites CSA 9C	Enterprise Funds		Internal Service Funds
LIABILITIES				
Current liabilities:				
Payables	\$ 1,043,041	\$ 104,722	\$ 1,147,763	\$ 2,850,541
Accrued salaries and benefits payable	-	-	-	889,582
Deposits payable	216,051	-	216,051	1,357,915
Due to other funds	-	1,100,000	1,100,000	75,845
Current portion of long-term liabilities	495,477	110,330	605,807	-
Leases	-	-	-	1,292,930
Claims liabilities	-	-	-	11,726,829
Compensated absences, due within one year	-	-	-	3,798,952
Accrued interest payable	92,855	37	92,892	63,989
Total current liabilities	<u>1,847,424</u>	<u>1,315,089</u>	<u>3,162,513</u>	<u>22,056,583</u>
Noncurrent liabilities:				
Long-term liabilities	5,274,520	4,217,958	9,492,478	-
Leases	-	-	-	2,633,938
Claims liabilities	-	-	-	45,921,000
Closure and postclosure care costs liability	14,398,185	-	14,398,185	-
Compensated absences, due in more than one year	-	-	-	1,876,546
Total OPEB liability	-	-	-	20,785,903
Net pension liability	-	-	-	61,790,290
Total noncurrent liabilities	<u>19,672,705</u>	<u>4,217,958</u>	<u>23,890,663</u>	<u>133,007,677</u>
Total liabilities	<u>21,520,129</u>	<u>5,533,047</u>	<u>27,053,176</u>	<u>155,064,260</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	-	-	-	584,257
Deferred OPEB	-	-	-	6,285,130
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,869,387</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	7,931,973	24,333,920	32,265,893	12,651,051
Restricted for:				
Debt service	14,920,989	64,987	14,985,976	459,787
Unrestricted	(4,891,741)	5,378,858	487,117	(74,862,446)
Total net position (deficit)	<u>\$ 17,961,221</u>	<u>\$ 29,777,765</u>	<u>47,738,986</u>	<u>\$ (61,751,608)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			3,129,184	
Net Position of Business-Type Activities per Government-Wide Financial Statements			<u>\$ 50,868,170</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds		Service Funds
OPERATING REVENUES:				
Charges for services	\$ 23,520,112	\$ 5,135,179	\$ 28,655,291	\$ 104,683,448
Other revenues	210,730	78,215	288,945	105,198
Total operating revenues	<u>23,730,842</u>	<u>5,213,394</u>	<u>28,944,236</u>	<u>104,788,646</u>
OPERATING EXPENSES:				
Salaries and employee benefits	-	-	-	32,813,849
Services and supplies	19,275,331	3,962,986	23,238,317	45,229,506
Insurance and compensation claims	-	-	-	11,192,103
Depreciation and amortization	1,780,308	994,704	2,775,012	4,344,644
Total operating expenses	<u>21,055,639</u>	<u>4,957,690</u>	<u>26,013,329</u>	<u>93,580,102</u>
Operating income (loss)	<u>2,675,203</u>	<u>255,704</u>	<u>2,930,907</u>	<u>11,208,544</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	647,913	81,791	729,704	238,301
Interest and investment income	409,400	113,635	523,035	695,334
Property taxes	-	52,584	52,584	-
Gain on disposal of capital assets	-	-	-	53,991
Loss on disposal of capital assets	-	-	-	(16,905)
Interest expense	(208,745)	(66,328)	(275,073)	(104,982)
Other nonoperating revenue	-	-	-	135,290
Total nonoperating revenues (expenses)	<u>848,568</u>	<u>181,682</u>	<u>1,030,250</u>	<u>1,001,029</u>
Income (loss) before transfers	<u>3,523,771</u>	<u>437,386</u>	<u>3,961,157</u>	<u>12,209,573</u>
Transfers in	-	92,964	92,964	9,546,480
Transfers out	-	-	-	(3,907,073)
Change in net position (deficit)	<u>3,523,771</u>	<u>530,350</u>	<u>4,054,121</u>	<u>17,848,980</u>
Net position (deficit) - beginning	14,437,450	29,247,415	43,684,865	(79,593,716)
Prior period adjustment (Note 20)	-	-	-	(6,872)
Net position (deficit) - beginning as restated	<u>14,437,450</u>	<u>29,247,415</u>	<u>43,684,865</u>	<u>(79,600,588)</u>
Net position (deficit) - ending	<u>\$ 17,961,221</u>	<u>\$ 29,777,765</u>	<u>\$ 47,738,986</u>	<u>\$ (61,751,608)</u>
Change in Net Position of Business-Type Activities			\$ 4,054,121	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			3,128,530	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements			<u>\$ 7,182,651</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 24,214,195	\$ 5,285,108	\$ 29,499,303	\$ 104,613,932
Payments to suppliers for goods and services	(19,990,989)	(4,835,848)	(24,826,837)	(49,704,075)
Payments to employees for salaries and benefits	-	-	-	(46,864,008)
Payments for judgments and claims	-	-	-	(6,250,923)
Closure and postclosure reserves increase (decrease)	1,565,601	-	1,565,601	-
Other receipts	210,730	78,215	288,945	105,198
Net cash provided (used) by operating activities	<u>5,999,537</u>	<u>527,475</u>	<u>6,527,012</u>	<u>1,900,124</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	647,913	-	647,913	-
Deposits with others	407,184	-	407,184	-
Other long-term liability	(474,589)	-	(474,589)	-
Loans receivable	-	1,781	1,781	-
Intergovernmental receipts	-	81,791	81,791	238,301
Due from other funds	-	-	-	(3,687,723)
Matured interest payable	(7,707)	(31)	(7,738)	-
Property taxes	-	52,584	52,584	-
Due to other funds	-	1,045,575	1,045,575	75,845
Transfers from other funds	-	92,964	92,964	9,546,481
Transfers to other funds	-	-	-	(3,907,073)
Net cash provided (used) by noncapital financing activities	<u>572,801</u>	<u>1,274,664</u>	<u>1,847,465</u>	<u>2,265,831</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(137,250)	(1,436,215)	(1,573,465)	(63,630)
Acquisition of equipment	(693,871)	-	(693,871)	(4,713,708)
Insurance proceeds	-	-	-	135,290
Principal paid on lease agreements	-	(108,917)	(108,917)	(1,348,171)
Interest payable	-	-	-	63,880
Interest paid on capital debt	(208,745)	(66,328)	(275,073)	(104,982)
Proceeds from sale of capital assets	-	-	-	62,992
Net cash provided (used) by capital and related financing activities	<u>(1,039,866)</u>	<u>(1,611,460)</u>	<u>(2,651,326)</u>	<u>(5,968,329)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	409,400	113,635	523,035	695,334
Net cash provided by investing activities	<u>409,400</u>	<u>113,635</u>	<u>523,035</u>	<u>695,334</u>
Net increase (decrease) in cash and cash and investments equivalents	<u>5,941,872</u>	<u>304,314</u>	<u>6,246,186</u>	<u>(1,107,040)</u>
CASH AND CASH AND INVESTMENTS EQUIVALENTS:				
Beginning of year	19,558,535	4,166,426	23,724,961	45,131,589
End of year	<u>\$ 25,500,407</u>	<u>\$ 4,470,740</u>	<u>\$ 29,971,147</u>	<u>\$ 44,024,549</u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,675,203	\$ 255,704	\$ 2,930,907	\$ 11,208,544
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,780,308	994,704	2,775,012	4,344,644
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	687,508	149,929	837,437	(271,817)
Inventory	(34,647)	-	(34,647)	12,946
Prepaid items	-	-	-	(12,616)
Increase (decrease) in:				
Payables	(681,011)	(872,862)	(1,553,873)	(4,474,899)
Deposits payable	6,575	-	6,575	202,301
Claims liabilities	-	-	-	4,941,180
Accrued salaries and benefits	-	-	-	(14,050,159)
Closure and postclosure care liability	1,565,601	-	1,565,601	-
Total adjustments	3,324,334	271,771	3,596,105	(9,308,420)
Net cash provided (used) by operating activities	<u>\$ 5,999,537</u>	<u>\$ 527,475</u>	<u>\$ 6,527,012</u>	<u>\$ 1,900,124</u>
Schedule of non-cash capital and related financing activities:				
Purchase of capital assets on account	-	-	-	\$ 1,863,634
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 11,083,447	\$ 4,417,302	\$ 15,500,749	\$ 44,024,549
Restricted cash per Statement of Net Position	14,416,960	53,438	14,470,398	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ 25,500,407</u>	<u>\$ 4,470,740</u>	<u>\$ 29,971,147</u>	<u>\$ 44,024,549</u>

See accompanying Notes to Basic Financial Statements.

Fiduciary Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

Fiduciary Funds – The Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs.

Investment Trust Funds – The Investment Trust Funds are used to report fiduciary activities from the external portion of an investment pool and individual investment accounts that are held in a trust. Participants include school and community college districts, other special districts governed by local boards, regional boards and authorities and cities that are required to keep cash in the County Treasury.

Private-Purpose Trust Funds – The Private-Purpose Trust Funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefits) trust funds or investment trust funds and (b) are held in a trust. These include the Public Guardian and the Redevelopment Successor Agency.

Custodial Funds – The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. These include unapportioned property taxes and other custodial funds.

**STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)
 FIDUCIARY FUNDS
 JUNE 30, 2023**

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and investments	\$ 917,891,533	\$ 14,796,295	\$ 44,672,023
Restricted cash and investments	2,484,170	5,625	347,671
Prepaid expenses	273,269	1,023,929	-
Receivables:			
Accounts receivable	111,245,968	1,200	-
Taxes for other governments	-	-	13,044,309
Other assets	21,067,789	-	-
Nondepreciable capital assets	5,971,691	7,425,950	-
Depreciable capital assets, net	33,446,843	-	-
Total assets	<u>1,092,381,263</u>	<u>23,252,999</u>	<u>58,064,003</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	203,775	-
Total deferred outflows of resources	<u>-</u>	<u>203,775</u>	<u>-</u>
LIABILITIES			
Accounts payable and other liabilities	26,532,062	9,327	21,427,224
Interest payable	-	2,424,694	-
Long-term liabilities due in more than one year	2,715,286	-	-
Other liabilities	90,434,847	171,503,381	443,657
Total liabilities	<u>119,682,195</u>	<u>173,937,402</u>	<u>21,870,881</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding of debt	-	828,917	-
Deferred OPEB	1,050,755	-	-
Deferred pension	7,905,051	-	-
Total deferred inflows of resources	<u>8,955,806</u>	<u>828,917</u>	<u>-</u>
NET POSITION (DEFICIT)			
Restricted for:			
Pool participants	963,743,262	-	-
Individuals, organizations and other governments	-	(151,309,545)	36,193,122
Total net position (deficit)	<u>\$ 963,743,262</u>	<u>\$ (151,309,545)</u>	<u>\$ 36,193,122</u>

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
ADDITIONS			
Member contributions	\$ 18,990,243	\$ -	\$ -
Employee contributions	6,809	-	-
Gifts and bequests	860,070	-	84
Interest, dividends and other	17,879,111	390,993	852,696
Tax collections	538,800,330	14,017,252	872,611,173
Other contributions	1,247,399,821	456,859	43,323,826
Total additions	<u>1,823,936,384</u>	<u>14,865,104</u>	<u>916,787,779</u>
DEDUCTIONS			
Beneficiary payments to individuals	-	866,266	-
Administrative expenses	31,797,469	282,688	95,934
Payments to other local governments	32,403,006	-	63,273,241
Payments of taxes to other local governments	-	-	739,652,471
Interest expense	30,471,541	5,968,291	27,325
Distributions from pooled investments	1,628,956,612	-	123,219,670
Other deductions	-	299,712	-
Total deductions	<u>1,723,628,628</u>	<u>7,416,957</u>	<u>926,268,641</u>
Net increase (decrease) in fiduciary net position (deficit)	100,307,756	7,448,147	(9,480,862)
Net position (deficit) - beginning	914,860,923	(158,757,692)	45,673,984
Prior period adjustment	(51,425,417)	-	-
Net position (deficit) - beginning, as restated	<u>863,435,506</u>	<u>(158,757,692)</u>	<u>45,673,984</u>
Net position (deficit) - ending	<u>\$ 963,743,262</u>	<u>\$ (151,309,545)</u>	<u>\$ 36,193,122</u>

See accompanying Notes to Basic Financial Statements.

Notes to Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



TABLE OF CONTENTS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies	60
NOTE 2. Cash and Investments	75
NOTE 3. Restricted Cash and Investments.....	80
NOTE 4. Receivables.....	81
NOTE 5. Interfund Transactions.....	81
NOTE 6. Loans Receivable	84
NOTE 7. Capital Assets	86
NOTE 8. Leases	89
NOTE 9. Short-Term Debt – Tax and Revenue Anticipation Notes	92
NOTE 10. Long-Term Debt.....	93
NOTE 11. Pledge of Future Revenues.....	104
NOTE 12. Landfill Closure and Postclosure Costs	106
NOTE 13. Deficit Net Position and Fund Balances	107
NOTE 14. Pension Plans.....	107
NOTE 15. Other Post-Employment Benefits (OPEB).....	114
NOTE 16. Deferred Compensation Plan	117
NOTE 17. Commitments and Contingencies	118
NOTE 18. Risk Management.....	118
NOTE 19. Fund Balances.....	120
NOTE 20. Prior Period Adjustments	122
NOTE 21. Subsequent Events	124
NOTE 22. Excess Expenditures over Appropriations.....	124
NOTE 23. Tax Abatements	125

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Santa Cruz (County) was established by an act of the State Legislature of California in 1850 and is governed by a five-member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

As required by generally accepted accounting principles in the United States (GAAP), the accompanying basic financial statements present the County (the primary government) and its component units. Component units are legally separate entities for which the Board is considered to be financially accountable. Component units are entities that meet any one of the following tests:

- a) The Board appoints the voting majority of the governing board and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the component unit.
- b) The component unit is fiscally dependent upon the County.
- c) The financial statements of the County would be misleading if data from the component unit were omitted.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the County’s operations and so data from these units are combined with data of the primary government. The discretely presented component unit is reported in a separate column in the Government-Wide Financial Statements since it does not have a shared governing body nor is it of exclusive or almost exclusive benefit to the primary government.

Blended Component Units

The following entities serve citizens of the County and provide for the construction and maintenance of County parks and recreation, police protection, mosquito abatement, fire protection, street lighting, roads, flood control, sewer, and refuse disposal districts. They are reported as if they were part of the primary government because they are governed by the Board. The Board establishes the work program and adopts the budget. Administrative services are provided by various departments of the County.

Santa Cruz County Flood Control and Water Conservation District – Zone 7

Santa Cruz County Flood Control and Water Conservation District – Zone 7 (Zone 7) was established to provide funding for the local share of proposed Army Corps of Engineers flood control projects on the Pajaro River, Salsipuedes Creek, and Corralitos Creek. Zone 7 is governed by a seven-member board consisting of a Board of Directors and two additional members, one appointed by the City of Watsonville and another appointed by the Pajaro Valley Water Management Agency. Administrative services are provided by the County’s Department of Public Works. Complete financial statements may be obtained from the Department of Public Works at 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

Santa Cruz County Financing Authorities

The Santa Cruz County Financing Authorities (Authorities) facilitate financing for the County. The Authorities are established and governed by the Board and are not legally required to adopt a budget. Administrative services are provided by the County. Complete financial statements may be obtained from the County at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

Discretely Presented Component Unit

Santa Cruz County Sanitation District

The Santa Cruz County Sanitation District (District) is included as a discretely presented component unit of the County because: 1) the Board appoints the District’s governing board, and 2) the District has an ongoing

relationship with the County. The District is governed by a three-member board and managed by the County's Department of Public Works under the direction of the District Board of Directors. The District, as a component unit, is presented separately from the primary government in the Government-Wide Financial Statements. Administrative services are provided by the County Department of Public Works and central support departments (i.e., personnel, purchasing, treasury, etc.). Complete financial statements may be obtained from the County, 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

Districts Governed by the Board of Supervisors

Public Protection

- Aptos Seascape County Service Area (CSA) 3
- County Fire Protection CSA 48
- Police Protection CSA 38
- Pajaro Storm Drain Maintenance District
- Pajaro Dunes Fire Protection CSA 4
- Pajaro Dunes Station Maintenance Fund
- Pajaro Dunes Station Assessment District Reserve
- Santa Cruz County Flood Control and Water Conservation Zone 4
- Santa Cruz County Flood Control and Water Conservation Zone 5
- Santa Cruz County Flood Control and Water Conservation Zone 6
- Santa Cruz County Flood Control and Water Conservation Zone 8
- Santa Cruz County Flood Control and Water Conservation Zone – General

Health and Sanitation

- Pasatiempo Rolling Woods Sewer District

Recreation and Culture

- Streetscape CSA 9E
- Parks and Recreation District CSA 11
- CSA 11 Zone E
- CSA 11L Lompico Community

Public Ways and Facilities

- County Highway Lighting CSA 9
- County Highway Residential Lighting CSA 9 Zone A
- School Crossing Guard CSA 9 Zone B
- County Road Maintenance CSA 9D Zone 1
- County Road Maintenance CSA 9D Zone 2
- CSA 9D Zone 3
- Hutchinson Road CSA 13
- Oakflat Road CSA 13A
- Huckleberry Woods Road CSA 15
- Robak Drive CSA 16
- Empire Acres CSA 17
- Whitehouse Canyon CSA 18
- Westdale Drive CSA 21
- Kelly Hill CSA 22
- Old Ranch Road CSA 23
- Pineridge CSA 24
- Viewpoint Road CSA 25
- Hidden Valley CSA 26
- Lomond Terrace CSA 28
- Glenwood Acres CSA 30
- View Circle CSA 32
- Soquel Village Parking Improvement
- Underground Utilities #4-41st Ave.
- Redwood Drive CSA 33
- Larsen Road CSA 34
- County Estates CSA 35
- Forest Glen CSA 36

- Roberts Road CSA 37
- Reed Street CSA 39
- Ralston Way CSA 40
- Loma Prieta CSA 41
- Sunlit Lane CSA 42
- Bonita-Encino Drive CSA 43
- Sunbeam Woods CSA 44
- Pinecrest CSA 46
- Braemoor CSA 47
- Vineyard CSA 50
- Hopkins Gulch CSA 51
- Upper Pleasant Valley CSA 52
- Mosquito Abatement CSA 53
- Riverdale Park Road CSA 55
- Felton Grove CSA 56
- Mansfield Street Assessment Dist.
- Ridge Drive CSA 58
- McGaffigan Mill Road CSA 59
- Soquel Village CSA 9F

Geologic Hazard Abatement Districts (GHAD)

- Corralitos GHAD
- Mid-County GHAD
- Heartwood GHAD

The following Board of Supervisors Governed District funds are reported as Enterprise Funds (Sewer and Refuse Disposal Districts):

- Boulder Creek CSA 7
- Rolling Woods CSA 10
- Septic Tank Maintenance CSA 12
- Freedom County Sanitation District
- Davenport County Sanitation District
- County Disposal Sites CSA 9C
- Sand Dollar Beach CSA 5
- Trestle Beach CSA 20
- Summit West CSA

B. Basis of Accounting and Measurement Focus

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

New Accounting Pronouncements

The County implemented the following pronouncements for the fiscal year ended June 30, 2023 .

GASB Statement No. 91, *Conduit Debt Obligations*, is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2023. There were no noted conduit debt obligations.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement will take effect for the County’s financial

statements starting with the fiscal year that ends June 30, 2023. The County of Santa Cruz does not have any items noted under GASB Statement No. 94.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments and end users. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2023.

GASB Statement No. 99, *Omnibus 2022*, is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to leases, PPPs, and SBITAs are effective for the fiscal year that ends June 30, 2023.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Upcoming Accounting Pronouncements

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2023. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for these GASB Statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, is intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2025.

Government-Wide Financial Statements

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the County accompanied by a total column, as well as its discretely presented component unit. Fiduciary activities of the County are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the County in three categories:

- Fees, fines, and charges for services
- Operating grants and contributions

- Capital grants and contributions

Certain eliminations have been made to interfund activities as prescribed by GASB Statement No. 34. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

The County prepares a County-wide cost allocation plan in accordance with *Title 2 Code of Federal Regulations Part 200 (2 CFR Part 200), "State/Local Government-Wide Central Service Cost Allocation Plans."* Using this directive, all indirect support costs are allocated to County funds and departments using a step-down method so that the true cost of operations can be included in determining the rates to be charged to users.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. The County has presented all major funds that met the applicable criteria.

The County reports the following major governmental funds:

General Fund – The County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other specialized funds.

Off Highway, Road, and Transportation Fund – accounts for the County’s road and transportation fund. Revenues come primarily from State and Federal grants, State taxes, and a State subvention from vehicle license fees.

Housing Fund – accounts for the County’s housing developments and loans. Revenues come from State and Federal awards and grants, and offsets from major housing projects as well as housing impact fees.

Capital Projects Fund – used to account for the construction or acquisition of capital assets such as land, construction-in-progress, buildings and improvements, improvements other than buildings, and infrastructure. Revenues are provided by County Lease Revenue bonds as well as contributions from the former Redevelopment Agency per the County-Redevelopment Agency Cooperation Agreement.

Debt Service Fund – used to account for the accumulation of resources for, and for the payment of, general long-term debt. Debt service funds include the previously reported Special Revenue Funds under *Financing Authorities*.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized when “*measurable*” and “*available*.” Measurable means knowing or being able to reasonably estimate the amount. Available means having been earned and collectible within the current period or within 60 days after year-end for property tax revenues, and 180 days after year-end with limited exceptions extending the availability period for certain grant revenues. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences, which are reported when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

For information related to budgetary policies and encumbrance accounting please refer to the Budgetary Principles section found in Required Supplementary Information.

Reconciliations of the Governmental Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows for all proprietary funds. The County reports the following major proprietary funds:

County Disposal Sites CSA 9C Fund – Accounts for the operation and expansion of the County’s landfills and implementation of state mandated environmental health programs. User fees, service area charges and revenues from the waste recovery and recycling projects finance the fund.

Internal Service Funds – Accounts for central duplicating, information services, public works, fleet management, and self-insurance services provided to other departments, or to other governments, on a cost reimbursement basis. Internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

The other proprietary funds provide sewer collection, treatment, and disposal services as well as septic tanks and water treatment within their area of service, along with unincorporated parts of the County.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fiduciary Fund Financial Statements

The Fiduciary Fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs. The County reports the following fiduciary fund types:

Investment Trust Funds – The Investment Trust Funds are used to report fiduciary activities from the external portion of an investment pool and individual investment accounts that are held in a trust. Participants include school and community college districts, other special districts governed by local boards, regional boards and authorities and cities that are required to keep cash in the County Treasury.

Private-Purpose Trust Funds – The Private-Purpose Trust Funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefits) trust funds or investment trust funds and (b) are held in a trust. These include the Public Guardian and the Redevelopment Successor Agency.

Custodial Funds – The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The County reports on 141 different custodial funds. The funds are held by the County in a custodial capacity for individuals or other government units. These include a fund for unapportioned property taxes and other custodial funds for special districts, joint powers authorities, city’s redevelopment successor agencies, state agencies and individuals.

C. Cash, Cash Equivalents and Investments

The County’s cash and investments and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The County participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as well as to changes in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

All cash and investments of proprietary funds are held in the County’s investment pool. Therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for purposes of the Statement of Cash Flows as these cash pools have the general characteristic of a demand deposit account.

D. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., current portion of interfund loans) or “advances from/to other funds” (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances.”

E. Inventories and Prepaid Items

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. A reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute “available spendable resources.”

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. A reservation of fund balance has been reported in the governmental funds to show that prepaid amounts do not constitute “available spendable resources.”

F. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, construction-in-progress, buildings and improvements, improvements other than buildings, machinery and equipment, autos and trucks, equipment under capitalized leases, and

infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. County policy has set the capitalization threshold for reporting capital assets at \$5,000 (for equipment and vehicles) and \$25,000 (for infrastructure, buildings and structures). Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Infrastructure	4-65 years
Buildings and structures	10-50 years
Equipment and vehicles	2-15 years

For infrastructure systems, the County elected to use the “Basic Approach” as defined by GASB Statement No. 34 for infrastructure reporting.

The County defines infrastructure as the basic physical assets that allow the County to function. The assets include streets, bridges, sidewalks, drainage systems, lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction is capitalized as a cost of the constructed assets.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

The Governmental Funds Financial Statements do not present General Government capital assets. Consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds’ capital assets are combined with governmental activities.

G. Lease

Lessee: The County is a lessee for noncancellable leases of equipment, office space and warehouse space. The County recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The County monitors changes in circumstances that would require a remeasurement of its lease and will reassure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Payments due under the lease contracts include fixed payments plus, for many of the County's leases, variable payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. For office equipment leases for which the County has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments for the single, combined lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the County under residual value guarantees,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the County exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property and equipment leases across the County. These are used to maximize operational flexibility in terms of managing the assets used in the County's operations. The majority of extension and termination options held are exercisable only by the County and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's estimated incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), are initially measured using the index or rate as of the commencement of the lease term.

Lessor: The County is a lessor for a noncancellable lease of office space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. **Land Held for Resale**

Land held for resale is carried at cost. An amount equal to the carrying value of land is included in the nonspendable fund balance because such assets are not available to finance the County's current operations.

I. **Deferred Outflows and Inflows of Resources**

The County recognizes deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 63 and GASB Statement No. 65. Deferred outflows and inflows of resources were items previously reported as assets and liabilities and are defined as "a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively."

The deferred loss on bond refunding represents the excess of the amount placed in escrow (reacquisition price) over the carrying amount of the refunded bonds and is amortized as a component of interest expense over the shorter of the remaining life of the refunded or refunding bonds.

J. **Long-Term Debt**

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in Government-Wide Financial Statements and the Proprietary Fund Financial Statements.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Debt issuance costs should be reported as expenses in the period incurred.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

K. **Compensated Absences**

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such funds' share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences in proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees. Accrued but unpaid liabilities at year-end are recorded in the respective funds.

L. Claims Payable

The County records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

M. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Pension Plans note and the required supplementary information (RSI) on page 138 of this report), regardless of the amount recognized as pension expenditures on the governmental funds financial statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the County's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits' terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

N. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

O. Net Position and Fund Balances

Government-Wide Financial Statements - In the Government-Wide Financial Statements, net position is classified into the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund Financial Statements - In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. The establishment of Committed fund balance requires the passage of a resolution by a simple majority vote before June 30 of the applicable fiscal year. Board action is required to change or remove the commitment. The Board resolution shall identify the title of the commitment, describe the specific purpose for the commitment, and the actual amount of the commitment or the process or formula necessary to calculate the actual amount. Funding for Committed fund balance shall be approved annually by the Board of Supervisors as part of the budget approval process.

Assigned fund balance – amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.

The Board of Supervisors has the authority to assign funds for a specific purpose with a simple majority vote. The same action is required to change or remove an assignment.

The County Administrative Officer also has the authority to assign funds for specific purposes, and to change or remove the assignment. The establishment, change or removal of an assignment by the County Administrative Officer must be reported to the Board of Supervisors at the next Board meeting. The Board may change or remove an assignment established by the County Administrative Officer with a simple majority vote.

An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget may be classified as assigned fund balance.

Unassigned fund balance – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance amount. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, and it may be necessary to report a negative unassigned fund balance in that fund.

The County considers restricted fund balances to be spent first when both restricted and unrestricted resources are available for use. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County considers Committed amounts to be reduced first, followed by Assigned amounts and then Unassigned amounts.

Fund Balance Policy - The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its County funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County has adopted a policy to achieve and maintain committed and assigned fund balance categories of no less than 7.0% of the upcoming budget year's estimated revenues.

Additional detailed information, along with the complete Fund Balance Policy can be obtained from the County Auditor-Controller/Treasurer-Tax Collector's office located at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

Committed for Working Capital

The County has established a separate committed fund balance account for Working Capital. Funding for committed Working Capital is established by a resolution of the Board of Supervisors, and will be approved annually by the Board during the budget approval process.

The County's fund that is committed for Working Capital is to be used only if the Board of Supervisors declares a fiscal emergency. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2023, the County's fund for Working Capital had a balance of \$6,000,000 and is included in the General Fund.

Committed for Strategic Reserve

The County has established a separate committed fund balance account known as the Strategic Reserve. The target funding level for the Strategic Reserve is an amount equivalent to 1.5% of general fund operating revenue. Funding for the Strategic Reserve is appropriated annually by the Board as part of the budget approval process.

The purpose of the County's Strategic Reserve is to:

- a) Mitigate economic downturns that reduce County general revenue;
- b) Mitigate state or federal budget actions that may reduce County revenue; and
- c) Maintain core service levels essential to public health, safety, and welfare.

The monies in the Strategic Reserve are separate monies used only for the purposes stated above. The funds are used only to support the operating budget during recessions or periods of economic distress as measured by periods of time when the unemployment rate exceeds 8% and/or the rate of inflation exceeds the growth in property tax revenue. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2023, the County's Strategic Reserve Fund Balance was \$10,000,000 and is included in the General Fund.

Committed for Natural Disasters

The County has established a separate committed fund balance account for Natural Disasters. Funding for Natural Disasters is established by a resolution of the Board of Supervisors and will be approved annually by the Board during the budget approval process.

The purpose of the County's fund for Natural Disasters is to finance extraordinary operating costs, legal costs, and cash flow problems associated with delays in State and Federal reimbursements for any natural disaster declared by the County's Director of Emergency Services and subsequently ratified by the Board of Supervisors, and the State of California or the Federal government. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2023, the County's fund for Natural Disasters had a balance of \$2,000,000 and is included in the General Fund.

Committed for Mental Health Service Act (MHSA) Prudent Reserve

The County has established a separate committed fund balance account for the Mental Health Service Act (MHSA) Prudent Reserve.

Welfare and Institutions Code (WIC) Section 5847(a)(7) requires each county to establish and maintain a MHSA Prudent Reserve fund to ensure that, in years in which revenues for the MHSA Fund are below recent averages, the

county will be able to continue to serve children, adults and seniors through the MHSA Community Services and Supports (CSS) and Prevention and Early Intervention (PEI) programs. The State provided guidance to counties that the State retains the authority to approve the use of these funds through a request from the county based on specified economic indicators established by the State. The minimum Prudent Reserve required is at least 50% of the total of MHSA funding provided to the County for CSS and PEI services. In April 2011, the California Department of Mental Health issued Notice No. 11-05 rescinding the Prudent Reserve 50% requirement and has left it to the counties' discretion to determine what their Prudent Reserve funding level should be.

As of June 30, 2023, the County's fund for the MHSA Prudent Reserve had a balance of \$2,997,367 and is included in the General Fund.

P. *Property Tax Levy, Collection and Maximum Rates*

The State of California Constitution, Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and redemption charges on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State Legislature has determined the method of distribution among the counties, cities, school districts, and other districts of receipts from the 1% property tax levy.

The County assesses properties, bills for, and collects taxes as follows:

	Secured	Unsecured
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February 1	August 1
Delinquent After	December 1 and April 10	August 31
Tax Rate Per \$100		
Full Cash Value	\$1	\$1
Late Penalty	10%	10%
Delinquent Interest	1-1.5% per month	1-1.5% per month

These taxes are secured by liens on the property being taxed. The Board annually sets the rates of the County and district taxes and levies County and district taxes as provided by law. The term “secured” refers to taxes on land and buildings, while “unsecured” refers to taxes on personal property other than land and buildings. During fiscal year 1993-1994, the Board adopted the Alternative Method of Tax Apportionment (the Teeter Plan). Under this method, the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if it has not yet been collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. The penalties and interest are accumulated in an Agency Fund. The County may transfer to the General Fund any excess over the reserve required by the Board and the State.

Delinquent property taxes receivables are shown on the Statement of Net Position of the property tax collections funds reported in the Agency Funds. Under California law, real property is not subject to sale for reasons of delinquent taxes until the end of the fifth year of delinquency, and the taxpayer may arrange to repay the delinquent taxes over a five-year period and any time within the five-year period, although the property is subject to a cash redemption up to the time of the sale.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the State of California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll.

Under the alternate apportionment method, specified amounts of penalties and interest collected on delinquent secured taxes are held in trust in the secured tax losses reserve fund to fund specific tax redemption shortfalls.

Q. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The investment pool activity is governed by the California Government Code and the County Investment Policy. The County Treasurer is responsible for managing the investment pool with deposits from the County, County school districts and various special districts pursuant to California Government Code Section 53600. The objectives of the County investment policy, in order of priority, are safety, liquidity, and yield. The County Board of Supervisors reviews the County Investment Policy annually, and all amendments to the policy require the approval of the County Board of Supervisors. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily cash balance of each fund. Interest earned through June 30, 2023, was distributed on June 30, 2023.

The following is a summary of cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position			
	Primary Government			Component Unit
	Government	Business-Type	Total	Santa Cruz County Sanitation District
	Activities	Activities		
Cash and Investments	\$ 312,591,571	\$ 15,500,748	\$ 328,092,319	\$ 18,715,108
Restricted Cash and Investments	38,317,834	14,470,398	52,788,232	17,860,273
Total Cash and Investments	\$ 350,909,405	\$ 29,971,146	\$ 380,880,551	\$ 36,575,381
	Fiduciary Funds			
	Custodial	Investment	Private-Purpose	County
	Funds	Trust Funds	Trust Funds	Total
Cash and Investments	\$ 44,672,023	\$ 917,891,533	\$ 14,796,295	\$ 1,324,167,278
Restricted Cash and Investments	347,670	2,484,170	5,625	73,485,970
Total Cash and Investments	\$ 45,019,693	\$ 920,375,703	\$ 14,801,920	\$ 1,397,653,248
	Cash and	Restricted Cash	Total	
	Investments	and Investments		
Primary Government and Fiduciary Funds:				
Cash on hand and imprest cash	\$ 19,679,723	\$ -	\$ 19,679,723	
Cash deposits in treasury pool	11,278,634	-	11,278,634	
Investments in treasury pool	1,274,493,813	-	1,274,493,813	
Restricted investments in other pools	-	41,174,074	41,174,074	
Restricted cash deposits in treasury pool:				
Freedom County Sanitation District	-	53,438	53,438	
County Disposal Sites CSA 9C	-	14,398,185	14,398,185	
Total	1,305,452,170	55,625,697	1,361,077,867	
Component Unit:				
Investments in treasury pool	18,715,108	-	18,715,108	
Restricted investments in other banks	-	17,860,273	17,860,273	
Total	18,715,108	17,860,273	36,575,381	
Total cash and investments	\$ 1,324,167,278	\$ 73,485,970	\$ 1,397,653,248	

At June 30, 2023, the County’s cash on hand, deposits, and investments consisted of:

	Treasury Pool	Other Banks/ Investment Pools	Total
Primary Government and Fiduciary Finds:			
Cash and imprest cash	\$ 19,679,723	\$ -	\$ 19,679,723
Deposits	11,278,634	-	11,278,634
Investments	1,288,945,436	41,174,074	1,330,119,510
Total Primary Government and Fiduciary Funds	1,319,903,793	41,174,074	1,361,077,867
Component Unit:			
Investments	18,715,108	17,860,273	36,575,381
Total Component Unit	18,715,108	17,860,273	36,575,381
Total Reporting Entity	\$ 1,338,618,901	\$ 59,034,347	\$ 1,397,653,248

The carrying amount of the County’s cash deposits was \$11,278,634 at June 30, 2023, of which the bank balances were fully insured or collateralized with securities held by the pledging financial institutions in the County’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the County’s cash deposits by pledging securities as collateral. This California Government Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County’s name.

The fair value of pledged securities must equal at least 110% of the County’s cash deposits. State law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County’s total cash deposits. The County may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

A. Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County’s investment policy, where more restrictive. The table also identifies certain provisions of the County’s investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Types	Maximum Maturity	Maximum Percentage or Amount of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	10%	None
U.S. Treasury obligations	5 years	100%	None
U.S. Government Agency obligations	5 years	100%	25%
Bankers’ acceptances	180 days	40%	10%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	10%
Bank deposit	5 years	10%	10%
Repurchase agreements	1 year	100%	10%
Medium-term notes	5 years	30%	10%
Mutual funds/money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	\$75 million	None
Joint Powers Authority investment funds	N/A	25%	10%
Supranationals	5 years	30%	10%

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value. The fair value of investments correlates to changes in interest rates. When interest rates increase, an investment portfolio will see a decrease in fair value, as prior securities were purchased at lower yields. Inversely, when interest rates decrease, an investment portfolio will see an increase in fair value, as prior securities were purchased at higher yields. The prior reporting period saw a significant increase in interest rates, which resulted in a material unrealized decrease of \$32,494,816 in fair value of pool investments at June 30, 2022. During the current reporting period interest rates remained high. The unrealized decrease in the fair value of investment decreased from \$32,494,816 to \$25,566,028, at June 30, 2023, a decrease of \$6,938,788. The change has been recorded in the financial statements of all funds with equity in pooled cash and investments in the County Treasury. The County has the full intent and ability to hold investments to maturity and does not expect to realize the decrease in fair value.

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County’s investment policy.

B. Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

At June 30, 2023, the County had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	More than 4
Local Agency Bonds	\$ 55,576,322	\$ -	\$ 3,027,170	\$ 17,044,109	\$ 13,307,123	\$ 22,197,920
U.S. Treasury Securities	310,170,040	-	310,170,040	-	-	-
Federal Agency Securities	353,921,589	-	201,720,039	105,682,700	33,071,950	13,446,900
Medium-Term Notes - Other	80,675,373	-	34,998,089	26,290,634	19,386,650	-
Money Market Mutual Funds	359,405,164	359,405,164	-	-	-	-
Local Agency Investment Fund (LAIF)	10,000	10,000	-	-	-	-
Certificates of Deposit	74,906,000	-	74,906,000	-	-	-
Investment Agreements	15,000,000	-	15,000,000	-	-	-
Supranationals	76,588,860	-	46,386,540	13,864,800	16,337,520	-
Total Investments	\$ 1,326,253,348	\$ 359,415,164	\$ 686,207,878	\$ 162,882,243	\$ 82,103,243	\$ 35,644,820

C. Concentration of Credit Risk

At June 30, 2023, in accordance with State law and the County’s Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

The following schedule is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool’s fair value at June 30, 2023.

Investments Type	Standard & Poor’s	Moody’s	% of Portfolio
Local Agency Bonds	A	Aa3	4.19%
U.S. Treasury Securities	N/A	N/A	23.39%
Federal Agency Securities	AA+	Aaa	26.69%
Medium-Term Notes	A/AAA	A+	6.08%
Money Market Mutual Funds	Unrated	Unrated	27.10%
Certificates of Deposit	A1	P1	5.65%
Checking Account	Unrated	Unrated	1.13%
Supranationals	AAA	Aaa	5.77%
Total			100.00%

D. Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year-end, the County’s investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

E. California Asset Management Program (CAMP)

The County began participating on January 1, 2019 in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA), to provide California public agencies with professional investment services. As of June 30, 2023, the County had \$257,611,855 invested in CAMP. The funds are included in Money Market Mutual Funds noted above.

F. Fair Value Measurements

The pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets,

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active, and

Level 3: Investments reflect prices based upon unobservable sources.

The pool has the following recurring fair value measurements as of June 30, 2023:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment by Fair Value Level				
Debt Securities:				
Local Agency Bonds	\$ 55,576,322	\$ 55,576,322	\$ -	\$ -
U.S. Treasury Securities	310,170,040	310,170,040	-	-
Federal Agency Securities	353,921,589	353,921,589	-	-
Medium-Term Notes	80,675,373	80,675,373	-	-
Certificates of Deposit	74,906,000	74,906,000	-	-
Investment Agreements	15,000,000	15,000,000	-	-
Supranationals	76,588,860	76,588,860	-	-
Total investments measured at fair value	<u>\$ 966,838,184</u>	<u>\$ 966,838,184</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money Market Mutual Funds	359,405,164			
Local Agency Investment Fund (LAIF)	10,000			
Total pooled and directed investments	<u>\$ 1,326,253,348</u>			

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2023, that are restricted by legal or contractual requirements are comprised of the following:

<u>Governmental Activities</u>	
Nonmajor Governmental Funds:	
Used for capital projects	38,317,834
<u>Business-Type Activities</u>	
County Disposal Sites CSA 9C:	
Used for landfill deposits	14,416,960
Freedom County Sanitation District:	
Set aside for USDA Loan reserve requirement	53,438
<u>Component Unit</u>	
Santa Cruz County Sanitation District:	
Bond proceeds used to replace aging sewer lines and upgrade pump station	17,860,273
<u>Fiduciary Funds</u>	
County of Santa Cruz Redevelopment Successor Agency:	
Used for debt service	5,625
Place De Mer Special Assessment District:	
Upgrade aging septic system	347,669
Santa Cruz County Libraries Facilities Financing Authority:	
Used for construction and remodel of County libraries	2,484,170
	<u>73,485,969</u>
	<u>\$ 73,485,969</u>

NOTE 4 – RECEIVABLES

Receivables at year-end for the County’s major individual funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Nonmajor Special Revenue Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities:						
Accounts	\$ 87,331,787	\$ 24,695,279	\$ 171,648	\$ 1,017,049	\$ 491,731	\$ 113,707,494
Taxes	2,988,619	-	-	-	-	2,988,619
Gross receivables	90,320,406	24,695,279	171,648	1,017,049	491,731	116,696,113
Less: allowance for uncollectibles	(1,860,042)	-	-	-	-	(1,860,042)
Net receivables	\$ 88,460,364	\$ 24,695,279	\$ 171,648	\$ 1,017,049	\$ 491,731	\$ 114,836,071
		Total				
	Nonmajor Enterprise Funds	Business-Type Activities				
Business-Type Activities:						
Receivables	\$ 2,171,497	\$ 2,171,497				

NOTE 5 - INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Long-Term Internal Balances

At June 30, 2023, the County had the following long-term internal balances:

	Internal Balances Receivable
	Governmental Activities
	Internal Balances Payable
Business-Type Activities	\$ (3,129,184)

The “Internal balances” on the Statement of Net Position (Government-wide) represents the net total amount of due to/from and advances to/from between Governmental funds and Enterprise funds and between Internal Service funds and Enterprise funds. These due to/from amounts include any that are the result of allocating operating profits and losses of the Internal Service funds to the Enterprise funds (Internal Service fund allocation). The due to/from amounts that are the results of operating profits/losses of the Internal Service funds are cumulative. Current year amounts are netted with the amounts from prior year.

B. Governmental and Proprietary Funds Financial Statements

Due to/from

The County had the following due to/from other funds as of June 30, 2023:

Due to Other Funds	Due from Other Funds		
	Capital Projects	Internal Service	Total
	Fund	Funds	
Off Highway, Road, and Transportation	\$ -	\$ 11,300,000	\$ 11,300,000
Debt Service Fund	5,708,628	-	5,708,628
Enterprise Funds	-	1,100,000	1,100,000
Total	\$ 5,708,628	\$ 12,400,000	\$ 18,108,628

Balances due to Internal Service Funds resulted from short-term loans used to cover operating cash deficits at year-end. These amounts will be repaid in the following fiscal year. Balances between the Capital Projects Fund and Debt Service Fund are a result of the accrual of eligible construction costs.

Transfers in/out

The County had the following transfers for the year ended June 30, 2023:

Transfers Out	Transfers In						
	General	Off Highway, Road, & Transportation	Debt Service Fund	Capital Projects Fund	Internal Service Funds	Enterprise Funds	Total
	Fund	Fund	Fund	Fund	Funds	Funds	
General Fund	\$ -	\$ 3,386,862	\$ 14,927,976	\$ 13,170,357	\$ 8,593,613	\$ 92,964	\$ 40,171,772
Housing Fund	122,512	-	-	-	-	-	122,512
Debt Service Fund	173,328	1,000,000	-	8,468,110	-	-	9,641,438
Nonmajor Governmental Funds	2,427,418	-	-	24,509	-	-	2,451,927
Internal Service Funds	2,954,206	-	-	-	952,867	-	3,907,073
Total	\$ 5,677,464	\$ 4,386,862	\$ 14,927,976	\$ 21,662,976	\$ 9,546,480	\$ 92,964	\$ 56,294,722

Transfers are contributions to other funds to finance various programs in accordance with budgetary authorizations.

Transfers to/from other funds at June 30, 2023 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Off Highway, Road, and Transportation Fund	\$ 2,236,862	For Soquel Drive and Green Valley Trails
	Off Highway, Road, and Transportation Fund	1,150,000	For 2023 winter storms
	Internal Service Fund	261,844	To Service Center for vehicles
	Internal Service Fund	8,331,769	To Liability and Property for operations
	Debt Service Fund	14,927,976	For debt service payments
	Enterprise Funds	92,964	To Davenport Sanitation to cover cost of feasibility study
	Capital Projects Fund	13,170,357	To finance capital projects
		<u>40,171,772</u>	
Housing Fund	General Fund	122,512	For operating expenses related to permanent supportive housing
Debt Service Fund	General Fund	162,753	For interest credit received from the Internal Revenue Service
	General Fund	10,575	For capital improvements
	Transportation Fund	1,000,000	For capital improvements
	Capital Projects Fund	8,468,110	For capital projects
		<u>9,641,438</u>	
Nonmajor Governmental Funds	General Fund	16,500	From Library Fund to General Fund for operations
	General Fund	22,446	From Parks to General Fund for debt service
	General Fund	800,000	From Public Protection to General Fund for debt service
	General Fund	1,522,937	From Health and Sanitation Fund to General Fund for Mosquito Abatement District operations
	General Fund	65,535	From Recreation and Culture to General Fund for debt service
	Capital Projects Fund	24,509	From Library Fund to General Fund for operations
		<u>2,451,927</u>	
Internal Service Funds	Internal Service Fund	509,907	From Information Services to Central Duplicating to cover negative cash and fund balance and absorb operations
	Internal Service Fund	442,960	To reallocate excess Dental Funds and Retiree Health Care funds back to departments
General Fund	Internal Service Fund	2,954,206	To reallocate excess Dental Funds and Retiree Health Care funds back to departments
	General Fund	<u>3,907,073</u>	
		<u>\$ 56,294,722</u>	

NOTE 6 - LOANS RECEIVABLE

A. Government-Wide Financial Statements

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, requires the disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements. Following is the detail of receivable balances not expected to be collected within the next fiscal year:

Loans Receivable

Homeowner Loans

First Time Homebuyer Program	\$	4,630,132
Homeowner Loan - Federal Grants		102,919
Homeowner Loan - State Grants		4,690,194
Mobile Home Change Out Program		4,511,980
Mobile Home Rehab Program		149,812
Property Tax Postemployment Loans		103,275
Total Homeowner Loans		14,188,312

Housing Project Loans

Aptos Cottages (Miller)	7,137,111
Casa Linda, Inc.	90,880
CFSC, Inc - Brommer St	2,407,200
CFSC, Inc - Anderson	199,000
CFSC, Inc - Freedom Blvd	651,927
Corralitos Creek Assoc.	1,324,999
Dientes Community	320,393
Golden Torch	1,287,385
Habitat	890,909
Housing Authority	1,500,000
Marmo's	1,642,323
McGregor	891,748
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchase	80,000
Mercy - McIntosh (Coach Loan)	290,000
Mercy - Rehab	70,000
Mercy Housing	293,226
Mercy Properties	274,227
Merrill Rd Assoc.	300,000
MidPen Housing - St. Stephens	4,772,124
MidPen Housing - Orchards	3,500,000
MidPen Housing - 17th and Capitola	5,315,585
Mid-Peninsula the Farm, Inc	4,304,545
Monarch Inc	76,534
MP Jardines	421,670
MP Minto Associates	9,857,777
MP Murphy's Associates	475,783
MP New Communities Assoc	1,435,189

Loans Receivable (continued)

Housing Project Loans (continued)

Novin - Park Avenue	1,361,000
Pacific Family Coach Acquisitions	110,140
Pacific Family - SCH	2,622,565
Pleasant Acres Permanent Financing	3,512,452
San Andreas	700,000
South County Housing Corp	5,757,114
St. Stephens Predevelopment	265,800
Vista Verde Family Housing	2,230,000
Total Housing Project Loans	<u>66,467,606</u>
 Total Loans Receivable	 <u><u>\$ 80,655,918</u></u>

The St. Stephens Predevelopment loan is an unsecured loan, which will be converted to a loan secured by the deed of trust to the property upon commencement of development. All remaining loans are housing loans secured by deeds of trust on the properties.

B. Business-Type Financial Statements

The County had the following loans receivable as of June 30, 2023:

Nonmajor business-type fund:

Septic Tank Maintenance CSA 12	<u>\$ 6,367</u>
 Total business-type loans receivable	 <u><u>\$ 6,367</u></u>

NOTE 7 - CAPITAL ASSETS

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance	Prior Period	Adjusted Balance	Reclass-	Balance
	July 1, 2022	Adjustment	July 1, 2022	ifications	June 30, 2023
				Retirements	
				Additions	
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 64,244,892	\$ -	\$ 64,244,892	\$ -	\$ 64,262,447
Construction-in-progress	36,877,786	-	36,877,786	36,666,944	53,097,069
Total capital assets, not being depreciated	101,122,678	-	101,122,678	-	117,359,516
Capital assets, being depreciated:					
Infrastructure	789,978,361	-	789,978,361	52,119,012	842,097,373
Buildings	281,740,908	-	281,740,908	369,219	302,498,338
Machinery and equipment	59,112,346	-	59,112,346	7,035,298	63,787,556
Right of use assets being amortized:					
Buildings	22,038,921	1,615,612	23,654,533	-	23,668,745
Furniture, Machinery, and Equipment	206,984	772,916	979,900	1,520,553	2,486,241
SBITA	-	-	-	5,180,782	5,180,782
Total right of use assets being amortized	22,245,905	2,388,528	24,634,433	6,701,335	31,335,768
Total capital assets being depreciated	1,153,077,520	2,388,528	1,155,466,048	66,224,864	1,239,719,035
Accumulated depreciation and amortization:					
Infrastructure	(383,327,720)	-	(383,327,720)	(23,696,244)	(407,023,964)
Buildings	(125,104,207)	-	(125,104,207)	(7,695,545)	(132,799,752)
Machinery and equipment	(44,813,649)	-	(44,813,649)	(4,663,748)	(47,085,738)
Buildings ROU	(2,571,321)	-	(2,571,321)	(2,793,658)	(5,364,979)
Furniture, Machinery, and Equipment ROU	(85,026)	(116,120)	(201,146)	(224,572)	(425,718)
SBITA	-	-	-	(1,351,636)	(1,351,636)
Total accumulated depreciation and amortization, net	(555,901,923)	(116,120)	(556,018,043)	(40,425,403)	(594,051,787)
Total capital assets, being depreciated, net	597,175,597	2,272,408	599,448,005	25,799,461	645,667,248
Governmental activities capital assets, net	\$ 698,298,275	\$ 2,272,408	\$ 700,570,683	\$ 62,466,405	\$ 763,026,764

Depreciation and amortization expense was charged to governmental functions as follows:

	Capital	Right-of-use	Total
Governmental Activities:			
General government	\$ 1,136,184	\$ 521,486	\$ 1,657,670
Public protection	3,947,203	1,134,930	5,082,133
Public ways and facilities	23,696,244	0	23,696,244
Health and sanitation	1,908,894	208,730	2,117,624
Public assistance	516,712	1,334,086	1,850,798
Education	819,981	0	819,981
Recreation and cultural services	853,780	2,529	856,309
Subtotal	<u>32,878,998</u>	<u>3,201,761</u>	<u>36,080,759</u>
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	3,176,540	1,168,104	4,344,644
Total	<u>\$ 36,055,538</u>	<u>\$ 4,369,865</u>	<u>\$ 40,425,403</u>

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2022	Additions	Retirements	Reclass- ifications	Balance June 30, 2023
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	14,555,546	704,478	-	(14,470,584)	789,440
Total capital assets, not being depreciated	<u>16,414,395</u>	<u>704,478</u>	<u>-</u>	<u>(14,470,584)</u>	<u>2,648,289</u>
Capital assets, being depreciated:					
Buildings	58,006,672	868,991	-	14,470,582	73,346,245
Machinery and equipment	11,175,681	693,871	-	-	11,869,552
Right of use assets being amortized:					
Total capital assets, being depreciated	<u>69,182,353</u>	<u>1,562,862</u>	<u>-</u>	<u>14,470,582</u>	<u>85,215,797</u>
Accumulated depreciation and amortization:					
Buildings	(34,075,298)	(2,117,708)	-	2	(36,193,004)
Machinery and equipment	(8,649,600)	(657,304)	-	-	(9,306,904)
Total accumulated depreciation and amortization, net	<u>(42,724,898)</u>	<u>(2,775,012)</u>	<u>-</u>	<u>2</u>	<u>(45,499,908)</u>
Total capital assets, being depreciated, net	<u>26,457,455</u>	<u>(1,212,150)</u>	<u>-</u>	<u>14,470,584</u>	<u>39,715,889</u>
Business-Type activities capital assets, net	<u>\$ 42,871,850</u>	<u>\$ (507,672)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,364,178</u>

Depreciation expense was charged to business-type functions as follows:

	<u>Total</u>
Business-Type Activities:	
County Disposal Sites CSA 9C	\$ 1,780,308
Boulder Creek CSA 7	137,211
Rolling Woods CSA 10	9,019
Septic Tank Maintenance CSA 12	2,181
Freedom County Sanitation District	517,770
Davenport County Sanitation District	304,246
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	18,735
Total	<u>\$ 2,775,012</u>

B. Component Unit – Santa Cruz County Sanitation District (the District)

	<u>Balance</u>			<u>Reclass-</u>		<u>Balance</u>
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>ification</u>		<u>June 30, 2023</u>
Nondepreciable assets:						
Construction-in-progress	\$ 6,595,166	\$ 7,366,599	\$ (9,954)	\$ (1,154,248)		\$ 12,797,563
Total nondepreciable assets	<u>6,595,166</u>	<u>7,366,599</u>	<u>(9,954)</u>	<u>(1,154,248)</u>		<u>12,797,563</u>
Depreciable assets:						
Pumping stations	62,217,438	168,696	-	301,622		62,687,756
Transmission systems	146,341,547	2,464,535	-	852,626		149,658,708
Sewage treatment capacity rights	35,924,625	-	-	-		35,924,625
Mobile equipment	4,846,535	224,808	-	-		5,071,343
Other equipment	2,661,562	1,156,008	-	-		3,817,570
Total depreciable assets	<u>251,991,707</u>	<u>4,014,047</u>	<u>-</u>	<u>1,154,248</u>		<u>257,160,002</u>
Accumulated depreciation:						
Pumping stations	(29,303,975)	(1,101,265)	-	(268,322)		(30,673,562)
Transmission systems	(56,235,972)	(3,515,005)	-	(1,011,015)		(60,761,992)
Sewage treatment capacity rights	(21,659,656)	(985,340)	-	1,279,337		(21,365,659)
Mobile equipment	(3,394,178)	(211,709)	-	-		(3,605,887)
Other equipment	(1,690,409)	(362,003)	-	-		(2,052,412)
Total accumulated depreciation	<u>(112,284,190)</u>	<u>(6,175,322)</u>	<u>-</u>	<u>-</u>		<u>(118,459,512)</u>
Depreciable assets, net	<u>139,707,517</u>	<u>(2,161,275)</u>	<u>-</u>	<u>1,154,248</u>		<u>138,700,490</u>
Total capital assets, net	<u>\$ 146,302,683</u>	<u>\$ 5,205,324</u>	<u>\$ (9,954)</u>	<u>\$ -</u>		<u>\$ 151,498,053</u>

Depreciation expense for the District at June 30, 2023, was \$6,175,322.

NOTE 8 - LEASES

A. Lease receivable

The County leases out office space in the Government Center at 701 Ocean Street. Most leases have initial terms of up to three years, and contain one or more renewals at our option, generally for two year periods. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The County’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases is not readily determinable, the County utilizes its estimated incremental borrowing rate to discount the lease payments.

Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

Minimum lease payments receivable on leases of investment properties are as follows:

	Governmental Activities	
	Principal	Interest
2024	\$ 29,282	\$ 655
2025	17,161	115
2026	-	-
2027	-	-
2028	-	-
Total	<u>\$ 46,443</u>	<u>\$ 770</u>

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Activities
Lease revenue	\$ 33,668
Interest revenue	\$ 1,252

B. Lease Payable

The County is obligated under leases covering certain office space, warehouse space, machinery and office equipment that expire at various dates during the next 43 years.

The County has entered into various lease agreements as lessee primarily for office space, warehouse space and office equipment. Most leases for office space and warehouse space have initial terms of up to 10 years, and contain one or more renewals at our option, generally for five to ten-year periods. We have included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. Most leases for office equipment have initial terms of four years and contain options to purchase or replace the equipment at the end of the term. The County’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the County’s proportionate share of the building’s property taxes, insurance, and common area maintenance. The County’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases for office space and warehouse space is not readily determinable, the County utilizes its estimated incremental

borrowing rate to discount the lease payments. Lease payments for office equipment are discounted at the stated interest rate, which is included in most of the County’s leases for office equipment.

The statement of net position shows the following amounts relating to leases:

<u>Right-of-use assets</u>	<u>Governmental Activities</u>
	<u>June 30, 2023</u>
Buildings	\$ 18,294,933
Machinery and Equipment	2,069,355
	<u>\$ 20,364,289</u>
	<u>Governmental Activities</u>
	<u>June 30, 2023</u>
<u>Lease payable</u>	
Current	\$ 2,702,502
Non-current	18,245,683
	<u>\$ 20,948,185</u>

The future principal and interest lease payments as of June 30, 2023, were as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Governmental Activities</u>	<u>Interest</u>
2024	\$ 2,702,502	\$	475,548
2025	2,836,620		404,144
2026	2,581,392		334,356
2027	2,250,981		269,495
2028	2,170,738		211,400
2029-2033	6,605,091		500,036
2034-2038	812,022		140,603
2039-2043	230,807		82,737
2044-2048	137,525		68,947
2049-2053	151,964		54,509
2054-2058	167,869		38,603
2059-2063	185,440		21,033
2064-2068	115,234		3,432
Total	<u>\$ 20,948,185</u>	<u>\$</u>	<u>2,604,843</u>

C. SBITA Payable

The County is obligated under contracts covering certain subscription-based information technology arrangements (SBITA) that expire at various dates during the next five years. The County has entered into various SBITA contracts as lessee for information technology (IT) software. The County’s SBITA contracts do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the SBITA payments.

The statement of net position shows the following amounts relating to leases:

Right-of-use assets	Governmental Activities
	June 30, 2023
SBITA	\$ 3,829,146
	<u>\$ 3,829,146</u>

Lease payable	Governmental Activities
	June 30, 2023
Current	\$ 1,438,347
Non-current	2,249,925
	<u>\$ 3,688,272</u>

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal year	Principal	Governmental Activities	Interest
2024	\$ 1,438,347	\$	88,324
2025	1,388,143		53,688
2026	339,159		18,730
2027	273,653		10,667
2028	248,970		5,029
Total	<u>\$ 3,688,272</u>	<u>\$</u>	<u>176,438</u>

NOTE 9 - SHORT-TERM DEBT – TAX AND REVENUE ANTICIPATION NOTES

The County issues tax and revenue anticipation notes (TRAN) annually to meet current expenses, capital expenditures, and other obligations or indebtedness until sufficient taxes or revenues are collected to fund the County’s operations.

Tax and revenue anticipation notes payable debt activity for the fiscal year ended June 30, 2023, was as follows:

TRAN for Fiscal Year	Interest Rate	Beginning Balance	Additions	Deletions	Premiums/ Discount	Accrued Interest	Ending Balance
2022	2.0%	\$ 49,467,306	\$ -	\$ (49,467,306)	\$ -	\$ -	\$ -
2023	5.0%	\$ -	\$ 49,375,200	\$ -	\$ (1,375,200)	\$ 2,353,333	\$ 50,353,333

The TRAN outstanding at June 30, 2023 was paid on July 6, 2023.

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the fiscal year ended June 30, 2023:

	Balance June 30, 2022	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2023	Due in One Year	Due in More Than One Year
Governmental Activities Debt:						
1996 Refunding Certificates of Participation	\$ 7,240,000	\$ -	\$ (1,300,000)	\$ 5,940,000	\$ 1,370,000	\$ 4,570,000
2008 Certificates of Participation	490,000	-	(240,000)	250,000	250,000	-
2008 Unamortized bond premium	10,228	-	(6,816)	3,412	3,412	-
Subtotal	500,228	-	(246,816)	253,412	253,412	-
2012 Lease Revenue Refunding Bond, Series A	1,219,144	-	(78,424)	1,140,720	83,177	1,057,543
2012A Unamortized bond discount	(10,075)	-	839	(9,236)	(839)	(8,397)
Subtotal	1,209,069	-	(77,585)	1,131,484	82,338	1,049,146
2014 Refunding Certificates of Participation	4,060,000	-	(330,000)	3,730,000	345,000	3,385,000
2014 Unamortized bond premium	165,395	-	(16,539)	148,856	16,539	132,317
Subtotal	4,225,395	-	(346,539)	3,878,856	361,539	3,517,317
2014 Lease Revenue Bonds	3,740,000	-	(220,000)	3,520,000	235,000	3,285,000
2014 Unamortized bond premium	143,244	-	(11,019)	132,225	11,019	121,206
Subtotal	3,883,244	-	(231,019)	3,652,225	246,019	3,406,206
2015 Refunding Certificates of Participation	3,495,000	-	(1,625,000)	1,870,000	1,685,000	185,000
2015 Lease Revenue Bonds, Series B	8,235,000	-	(285,000)	7,950,000	290,000	7,660,000
2015B Unamortized bond premium	46,102	-	(2,004)	44,098	2,004	42,094
Subtotal	8,281,102	-	(287,004)	7,994,098	292,004	7,702,094
2016 Refunding Certificates of Participation	6,690,000	-	(350,000)	6,340,000	355,000	5,985,000
2016 Unamortized bond premium	665,470	-	(47,534)	617,936	47,534	570,402
Subtotal	7,355,470	-	(397,534)	6,957,936	402,534	6,555,402
2017 Lease Revenue Bonds, Series A	6,150,000	-	(465,000)	5,685,000	465,000	5,220,000
2017A Unamortized bond discount	(48,495)	-	3,730	(44,765)	(3,730)	(41,035)
Subtotal	6,101,505	-	(461,270)	5,640,235	461,270	5,178,965
2020 Lease Revenue Bonds, Series A	9,275,000	-	(220,000)	9,055,000	230,000	8,825,000
2020A Unamortized bond premium	831,713	-	(86,743)	744,970	80,465	664,505
Subtotal	10,106,713	-	(306,743)	9,799,970	310,465	9,489,505
2020 Lease Revenue Refunding Bonds, Series B	3,985,000	-	(245,000)	3,740,000	245,000	3,495,000
2020B Unamortized bond discount	(26,886)	-	1,932	(24,954)	(1,932)	(23,022)
Subtotal	3,958,114	-	(243,068)	3,715,046	243,068	3,471,978
2021 SCRUZPOB, 2021 Tax Pension Obligation Bond	118,690,000	-	(5,185,000)	113,505,000	5,195,000	108,310,000
Subtotal	118,690,000	-	(5,185,000)	113,505,000	5,195,000	108,310,000
2021A Lease Revenue, LRB Westridge	22,555,000	-	-	22,555,000	455,000	22,100,000
2021A Unamortized bond premium	3,006,377	-	(281,201)	2,725,176	279,765	2,445,411
Subtotal	25,561,377	-	(281,201)	25,280,176	734,765	24,545,411
2021B Lease Revenue, LRB Westridge	3,730,000	-	-	3,730,000	100,000	3,630,000
2021B Unamortized bond discount	(51,278)	-	1,773	(49,505)	(1,774)	(47,731)
Subtotal	3,678,722	-	1,773	3,680,495	98,226	3,582,269

NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz
Fiscal Year ended June 30, 2023

	Balance June 30, 2022	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2023	Due in One Year	Due in More Than One Year
Governmental Activities Debt, Continued:						
2023A Lease Revenue, LRB Westridge	-	17,300,000	-	17,300,000	-	17,300,000
2023A Unamortized bond premium	-	619,673	(22,630)	597,043	87,601	509,442
Subtotal	-	17,919,673	(22,630)	17,897,043	87,601	17,809,442
Subtotal bonds payable	204,285,939	17,919,673	(11,009,636)	211,195,976	11,823,241	199,372,735
Loans from direct borrowings						
Energy efficient Infrastructure Loan	\$ 2,038,082	\$ -	\$ (378,929)	\$ 1,659,153	\$ 392,758	\$ 1,266,395
Sheriff CLIPS Message Switch Loan	216,104	-	(106,038)	110,066	110,066	-
Whole Body Security Scanner Loan	21,160	-	(21,160)	-	-	-
Central Coast Community Energy Loan	2,000,000	-	(292,003)	1,707,997	187,201	1,520,796
Communications Tower Loan	61,916	-	(61,916)	-	-	-
Subtotal loans	4,337,262	-	(860,046)	3,477,216	690,025	2,787,191
Subtotal bonds and loans payable	208,623,201	17,919,673	(11,869,682)	214,673,192	12,513,266	202,159,926
Total OPEB liability	171,715,962	-	(28,446,681)	143,269,281	-	143,269,281
Net Pension liability	356,201,812	133,868,008	-	490,069,820	-	490,069,820
Compensated absences	30,887,322	26,168,628	(24,715,845)	32,340,105	25,878,552	6,461,553
Leases	19,913,612	1,732,053	(2,546,764)	19,098,901	2,475,065	16,623,836
Subscription Based Information Technology Agreements	-	1,986,448	(375,759)	1,610,689	372,854	1,237,835
Total governmental activities	\$ 787,341,909	\$ 181,674,810	\$ (67,954,731)	\$ 901,061,988	\$ 41,239,737	\$ 859,822,251
Internal Service Funds						
Total OPEB liability	\$ 26,351,595	\$ -	\$ (5,565,692)	\$ 20,785,903	\$ -	\$ 20,785,903
Net Pension liability	46,849,789	14,940,508	-	61,790,297	-	61,790,297
Compensated absences	5,397,641	3,877,536	(3,599,679)	5,675,498	3,798,952	1,876,546
Estimated claims	52,706,649	16,133,283	(11,192,103)	57,647,829	11,726,829	45,921,000
Leases	9,667	2,071,038	(231,422)	1,849,283	227,436	1,621,847
Subscription Based Information Technology Agreements	-	3,194,334	(1,116,751)	2,077,583	1,065,493	1,012,090
Total Internal Service Funds	\$ 131,315,341	\$ 40,216,699	\$ (21,705,647)	\$ 149,826,393	\$ 16,818,710	\$ 133,007,683
Total Government-Wide Activities						
Compensated absences	\$ 36,284,963	\$ 30,046,164	\$ (28,315,524)	\$ 38,015,603	\$ 29,677,504	\$ 8,338,099
Estimated claims	52,706,649	16,133,283	(11,192,103)	57,647,829	11,726,829	45,921,000
Other long-term liabilities:						
Bonds payable	204,285,939	17,919,673	(11,009,636)	211,195,976	11,823,241	199,372,735
Loans payable	4,337,262	-	(860,046)	3,477,216	690,025	2,787,191
Leases	19,923,279	3,803,091	(2,778,186)	20,948,184	2,702,501	18,245,683
Subscription Based Information Technology Agreements	-	5,180,782	(1,492,510)	3,688,272	1,438,347	2,249,925
Subtotal other long-term liabilities	228,546,480	26,903,546	(16,140,378)	239,309,648	16,654,114	222,655,534
Total OPEB liability	198,067,557	-	(34,012,373)	164,055,184	-	164,055,184
Net Pension liability	403,051,601	148,808,516	-	551,860,117	-	551,860,117
Total Government-Wide Activities	\$ 918,657,250	\$ 221,891,509	\$ (89,660,378)	\$ 1,050,888,381	\$ 58,058,447	\$ 992,829,934

	Balance June 30, 2022	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2022	Due in One Year	Due in More Than One Year
Business-Type Activities						
<i>Enterprise Funds</i>						
2014 Lease Revenue Bonds	\$ 4,980,000	\$ -	\$ (295,000)	\$ 4,685,000	\$ 310,000	\$ 4,375,000
2014 Unamortized bond premium	191,190	-	(14,707)	176,483	14,707	161,776
Subtotal Bonds Payable	<u>5,171,190</u>	<u>-</u>	<u>(309,707)</u>	<u>4,861,483</u>	<u>324,707</u>	<u>4,536,776</u>
Loans from direct borrowings						
Davenport County Sanitation District	\$ 33,205	\$ -	\$ (14,917)	\$ 18,288	\$ 15,330	\$ 2,958
CSA 9C Heavy Equipment	1,073,397	-	(164,883)	908,514	170,770	737,744
Freedom County Sanitation District	4,404,000	-	(94,000)	4,310,000	95,000	4,215,000
Subtotal Loans from direct borrowings	<u>5,510,602</u>	<u>-</u>	<u>(273,800)</u>	<u>5,236,802</u>	<u>281,100</u>	<u>4,955,702</u>
Subtotal Bonds and Loans from direct borrowings	<u>10,681,792</u>	<u>-</u>	<u>(583,507)</u>	<u>10,098,285</u>	<u>605,807</u>	<u>9,492,478</u>
Postclosure liability						
Enterprise Fund - County Disposal Sites						
CSA 9C	12,832,584	1,565,601	-	14,398,185	-	14,398,185
Total Business-Type Activities	<u>\$ 23,514,376</u>	<u>\$ 1,565,601</u>	<u>\$ (583,507)</u>	<u>\$ 24,496,470</u>	<u>\$ 605,807</u>	<u>\$ 23,890,663</u>
Component Unit - Santa Cruz County						
Sanitation District						
2022 Green Bond, 2022 Revenue Bonds	\$ 19,945,000	\$ -	\$ (380,000)	\$ 19,565,000	\$ 325,000	\$ 19,240,000
2022 Green Bond Unamortized Bond Premium	542,421	-	(18,081)	524,340	18,081	506,259
Subtotal Bonds Payable	<u>20,487,421</u>	<u>-</u>	<u>(398,081)</u>	<u>20,089,340</u>	<u>343,081</u>	<u>19,746,259</u>
Loans from direct borrowings						
2020 State Water Resources Control Board Loan	4,918,745	-	(130,665)	4,788,080	133,017	4,655,063
2009 State Water Resources Control Board Loan	6,916,867	-	(617,391)	6,299,476	632,826	5,666,650
IBank loan	6,706,936	-	(154,134)	6,552,802	159,498	6,393,304
Subtotal Loans from direct borrowings	<u>18,542,548</u>	<u>-</u>	<u>(902,190)</u>	<u>17,640,358</u>	<u>925,341</u>	<u>16,715,017</u>
Total Component Unit	<u>\$ 39,029,969</u>	<u>\$ -</u>	<u>\$ (1,300,271)</u>	<u>\$ 37,729,698</u>	<u>\$ 1,268,422</u>	<u>\$ 36,461,276</u>

(1) Leases issued or transferred in includes lease inception and/or transfers in related to GASB 87.

NOTES TO BASIC FINANCIAL STATEMENTS

Descriptions of the long-term liabilities at June 30, 2023, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2023
Governmental Activities:					
Debt Service					
<i>Refunding Certificates of Participation</i>					
1996 Issue (financed construction of the County Emeline Avenue Health Services building and an infirmary in the County Medium Security Detention Facility)					
Collateral: Health Services Administration Building/Jail Infirmary					
Serial certificates	9/1/97-9/1/26	4.00-5.65%	\$190,000-\$1,065,000	\$ 20,955,000	\$ 4,570,000
Term bonds	3/1/21-9/1/23	5.60%	\$1,230,000-\$1,370,000	3,900,000	1,370,000
				Total 1996 Issue	5,940,000
2014 Issue (defeased 2001 Series B Lease Revenue Bonds and refinanced existing leases)					
Collateral: Water Street Detention Facility/Blaine Street Women's Detention Facility					
Serial certificates	8/1/14-8/1/31	3.00-5.00%	\$280,000-\$485,000	6,285,000	3,730,000
Unamortized bond premium				297,707	148,856
				Total 2014 Issue	3,878,856
2015 Issue (defeased 2004 Lease Revenue Bonds and refinanced existing leases)					
Collateral: Main Administrative Building and Main Courts Building					
Serial certificates	6/1/16-6/1/25	1.14-3.97%	\$185,000-\$1,520,000	8,890,000	185,000
Term bonds	6/1/22-6/1/24	3.68%	\$1,570,000-\$1,685,000	4,880,000	1,685,000
				Total 2015 Issue	1,870,000
2016 Issue (defeased certain outstanding lease obligations and prepay the outstanding 2002 Refunding Certificates of Participation, 2005 Refunding Certificates of Participation, and 2006 Certificates of Participation; to finance a variety of capital improvements; to satisfy the Reserve Requirement for the certificates; and to pay the delivery costs of the certificates)					
Collateral: Water Street Detention Facility and Blaine Street Detention Facility					
Serial certificates	8/1/17-8/1/33	2.00-4.00%	\$340,000-\$920,000	8,865,000	4,705,000
Term bonds	8/1/34-8/1/36	3.00%	\$525,000-\$565,000	1,635,000	1,635,000
Unamortized bond premium				950,674	617,936
				Total 2016 Issue	6,957,936
Total Refunding Certificates of Participation					17,880,000
Net Premiums/(Discounts)					766,792
				Total 2016 Issue	\$ 18,646,792
<i>Lease Revenue Bonds</i>					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	\$170,000-\$360,000	\$ 5,065,000	\$ 3,520,000
Unamortized bond premium				220,377	132,225
				Total 2014 Issue	3,652,225
2015 Series B Lease Revenue Bonds (financed capital improvements for various Santa Cruz County facilities and the Farm to Table Project)					
Collateral: Main Administrative Building and Main Courts Building					
Serial bonds	6/1/16-6/1/35	2.00-4.00%	\$180,000-\$395,000	6,115,000	4,120,000
Term bonds	6/1/36-6/1/40	4.00%	\$400,000-\$470,000	2,170,000	2,170,000
Term bonds	6/1/41-6/1/45	4.00%	\$305,000-\$360,000	1,660,000	1,660,000
Unamortized bond premium				60,130	44,098
				Total 2015 Issue	7,994,098
2017 Lease Revenue Bonds (financed acquisition and installation of photovoltaic energy systems at various County facilities and pay the cost of issuance)					
Collateral: Main Administrative Building and Main Courts Building					
Serial bonds	6/1/19-6/1/27	1.833-3.00%	\$415,000-\$470,000	4,075,000	1,860,000
Term bonds	6/1/28-6/1/31	3.38%	\$470,000-\$480,000	1,900,000	1,880,000
Term bonds	6/1/32-6/1/35	3.63%	\$485,000-\$495,000	1,965,000	1,945,000
Unamortized bond discount				(63,415)	(44,765)
				Total 2017 Issue	5,640,235

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2023
Governmental Activities, Continued:					
Debt Service, Continued					
2020 Series A Lease Revenue Bonds (financed various capital improvements and pay the cost of issuance) Collateral: Felton Branch Library and adjacent nature discovery park and the Simkins Family Swim Center					
Serial bonds	6/1/22-6/1/30	4.00%	\$215,000-\$290,000	\$ 2,255,000	\$ 1,820,000
Term bonds	6/1/31-6/1/35	4.00%	\$300,000-\$355,000	1,645,000	1,645,000
Term bonds	6/1/36-6/1/40	4.00%	\$370,000-\$435,000	2,005,000	2,005,000
Term bonds	6/1/41-6/1/45	4.00%	\$265,000-\$450,000	1,575,000	1,575,000
Term bonds	6/1/46-6/1/51	3.00%	\$310,000-\$360,000	2,010,000	2,010,000
Unamortized bond discount				1,025,480	744,970
				Total 2020 Issue	9,799,970
2021 Series A Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance) Collateral: South County Service Center					
Serial bonds	6/1/24-6/1/41	4.00%	\$455,000-\$885,000	11,670,000	11,670,000
Term bonds	6/1/42-6/1/46	4.00%	\$4,990,000	4,990,000	4,990,000
Term bonds	6/1/47-6/1/51	2.50%	\$5,895,000	5,895,000	5,895,000
Unamortized bond premium				3,214,154	2,725,176
					25,280,176
2021 Series B Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance) Collateral: South County Service Center					
Serial bonds	6/1/24-6/1/36	6.11-2.709%	\$100,000-\$120,000	1,400,000	1,400,000
Term bonds	6/1/37-6/1/51	3.00%	\$2,330,000	2,330,000	2,330,000
Unamortized bond discount				(52,588)	(49,505)
					3,680,495
				Total 2021 Issue	28,960,671
2023 Series A Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance) Collateral: South County Service Center					
Serial bonds	6/1/26-6/1/42	4.00-5.00%	\$350,000-\$730,000	8,795,000	8,795,000
Term bonds	6/1/43-6/1/45	4.00%	\$2,510,000	2,510,000	2,510,000
Term bonds	6/1/46-6/1/48	4.00%	\$2,825,000	2,825,000	2,825,000
Term bonds	6/1/49-6/1/51	4.00%	\$3,170,000	3,170,000	3,170,000
Unamortized bond premium				619,673	597,043
				Total 2023 Issue	\$ 17,897,043
				Total Lease Revenue Bonds	69,795,000
				Net Premiums/(Discounts)	4,149,242
				Total including Premiums/(Discounts)	\$ 73,944,242
Lease Revenue Refunding Bonds					
2012 Series A (refinanced construction and equipment costs for the Santa Cruz County Consolidated Emergency Communications Center) Collateral: Santa Cruz County Regional 911 Center					
Serial bonds	6/15/13-6/15/30	2.00-5.00%	\$115,000-\$225,000	\$ 1,402,135	\$ 658,290
Term Bonds	6/15/31-6/15/34	5.00%		482,430	482,430
Unamortized bond discount				(18,465)	(9,236)
				Total 2012 Issue	1,131,484
2020 Series B (refinanced 2011 Certificates of Participation and pay the cost of issuance) Collateral: Felton Branch Library and adjacent nature discovery park and the Simkins Family Swim Center					
Serial bonds	6/1/21-6/1/25	1.22-2.04%	\$270,000-\$255,000	1,255,000	500,000
Term Bonds	6/1/26-6/1/30	2.63%	\$260,000-\$285,000	1,355,000	1,355,000
Term Bonds	6/1/31-6/1/36	3.00%	\$290,000-\$335,000	1,885,000	1,885,000
Unamortized bond discount				(30,895)	(24,954)
				Total 2020 Issue	3,715,046
				Total Lease Revenue Refunding Bonds	4,880,720
				Net Premiums/(Discounts)	(34,190)
				Total including Premiums/(Discounts)	\$ 4,846,530

NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz
Fiscal Year ended June 30, 2023

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2023
Governmental Activities, Continued:					
Debt Service, Continued					
<i>Certificates of Participation</i>					
2008 Series Issue (finance purchase of computer software systems for various County departments)					
Collateral: Water Street Detention Facility/Roundtree Lane Detention Facility					
Serial certificates	8/1/09-8/1/23	3.00-4.30%	\$215,000-\$405,000	\$ 4,625,000	\$ 250,000
Unamortized bond premium				102,244	3,412
				Total 2008 Issue	253,412
				Total Certificates of Participation	250,000
				Net Premiums/(Discounts)	3,412
				Total including Premiums/(Discounts)	\$ 253,412
General					
<i>Taxable Pension Obligation Bonds</i>					
2021 Taxable Pension Obligation Bond (to pay a portion of the County's Safety and Sheriff unamortized, unfunded liability to CalPERS.)					
Serial bonds	6/1/22-6/1/36	.163-2.651%	\$5,505,000-\$6,325,000	\$ 83,910,000	\$ 73,220,000
Term Bonds	6/1/37-6/1/41	2.804%	\$28,490,000.00	28,490,000	28,490,000
Term Bonds	6/1/42-6/1/47	2.914%	\$11,750,000.00	11,795,000	11,795,000
				Total 2021 Issue	113,505,000
				Total General	113,505,000
				Net Premiums/(Discounts)	-
				Total including Premiums/(Discounts)	\$ 113,505,000
<i>Loans from direct borrowings</i>					
Energy efficient infrastructure	2008-2027	3.62%	\$135,989-\$220,635	\$ 5,989,594	\$ 1,659,153
Sheriff CLIPS Message Switch	2019-2024	3.80%	\$94,813-\$110,067	690,592	110,066
Whole Body Security Scanner	2020-2023	7.13%	\$21,160-\$60,555	174,582	-
Central Coast Community Energy (CCCE) Loan	2022-2031	1.87%	\$91,152-\$108,448	2,000,000	1,707,997
Communications Tower	2018-2023	7.58%	\$49,736-\$198,755	609,202	-
			Subtotal Loans from direct borrowings		\$ 3,477,216
<i>Leases and SBITAs</i>					
Leases					\$ 20,948,184
Subscription Based Information Technology Agreements					\$ 3,688,272
			Subtotal Leases and SBITAs		\$ 24,636,456
			Total Governmental Activities		\$ 239,309,648

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2023
Business-Type Activities:					
<i>Lease Revenue Bonds</i>					
Enterprise Fund - County Disposal Sites CSA 9C					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	\$225,000-\$480,000	\$ 6,745,000	\$ 4,685,000
Unamortized bond premium				294,138	176,483
				Total 2014 Issue	4,861,483
<i>Loans from direct borrowings</i>					
Enterprise Fund - Davenport County Sanitation District					
California Technology, Trade & Commerce Agency (fund sanitation system improvements)					
	2/28/95-7/1/24	2.75%	\$3,550-\$4,817	310,691	18,288
Enterprise Fund - CSA 9C Heavy Equipment Loan					
Zion Bank					
	12/19-12/27	3.18%	\$154,747-\$193,185	1,543,405	908,514
Enterprise Fund - Freedom County Sanitation District					
United States Department of Agriculture					
	7/1/22-7/1/60	1.13%	\$93,000-\$140,000	4,497,000	4,310,000
				Subtotal Loans from direct borrowings	5,236,802
				Total Lease Revenue Bonds and Loans from direct borrowings	9,921,802
				Net Premiums/(Discounts)	176,483
				Total including Premiums/(Discounts)	<u>\$ 10,098,285</u>
Landfill postclosure					14,398,185
				Total Business-Type Activities	<u>\$ 24,496,470</u>
Component Unit - Santa Cruz County Sanitation District (SCCSD):					
<i>Lease Bonds</i>					
2022 Green Bond, 2022 Revenue Bond (financed improvement of wastewater systems)					
Collateral: Trust Indenture Agreement entered into on June 1, 2022					
Serial bonds	8/1/15-8/1/34	5.000%	\$325,000-\$590,000	\$ 6,180,000	\$ 5,800,000
Term bonds	6/1/37-6/1/38	5.000%	\$1,265,000	1,265,000	1,265,000
Term bonds	6/1/39-6/1/40	4.000%	\$1,385,000	1,385,000	1,385,000
Term bonds	6/1/41-6/1/42	4.000%	\$1,500,000	1,500,000	1,500,000
Term bonds	6/1/43-6/1/45	4.125%	\$2,485,000	2,485,000	2,485,000
Term bonds	6/1/46-6/1/48	4.125%	\$2,810,000	2,810,000	2,810,000
Term bonds	6/1/49-6/1/52	4.250%	\$4,320,000	4,320,000	4,320,000
Unamortized bond premium				542,421	524,340
				Total 2022 Issue	20,089,340
<i>Loans from direct borrowings</i>					
2020 State Water Resources Control Board Loan					
(Soquel Pump Station Force Main Replacement Project)					
	2020-2049	1.80%	\$125,744-\$213,286	\$ 4,259,957	4,788,080
2009 State Water Resources Control Board Loan					
(Aptos Transmission Main Relocation Project)					
	2013-2032	2.50%	\$630,445-\$959,296	11,981,910	6,299,477
iBank Loan					
(replace old and deteriorated sewer lines)					
	2019-2048	3.46%	\$144,025-\$1,745,807	7,000,000	6,552,802
				Total Component Unit	<u>\$ 37,729,699</u>

A. Governmental Activities

Compensated absences and net pension/total OPEB liabilities attributable to governmental activities will be liquidated by the general fund and the internal service funds. Claims liability will generally be liquidated by the self-insurance internal service funds (see Note 18).

At June 30, 2023, annual debt service requirements of governmental activities to maturity are as follows:

Debt Service

Year Ending June 30,	Refunding		Lease Revenue	
	Certificates of Participation		Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 3,755,000	\$ 740,067	\$ 1,775,000	\$ 2,743,800
2025	2,355,000	570,453	1,820,000	2,556,744
2026	2,280,000	449,666	2,220,000	2,492,553
2027	2,395,000	330,385	2,290,000	2,405,000
2028	820,000	252,844	2,365,000	2,317,328
2029-2033	4,130,000	740,347	12,960,000	10,152,977
2034-2038	2,145,000	134,025	12,600,000	7,523,999
2039-2043	-	-	12,385,000	5,127,525
2044-2048	-	-	12,980,000	2,662,625
2049-2053	-	-	8,400,000	536,950
Total	\$ 17,880,000	\$ 3,217,787	\$ 69,795,000	\$ 38,519,501

Year Ending June 30,	Lease Revenue		Certificates of Participation	
	Refunding Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2024	\$ 328,178	\$ 155,401	\$ 250,000	\$ 5,375
2025	340,554	147,467	-	-
2026	350,307	138,634	-	-
2027	357,684	127,843	-	-
2028	1,959,711	462,218	-	-
2029-2033	1,544,286	117,349	-	-
2034-2038	-	-	-	-
2039-2043	-	-	-	-
2044-2048	-	-	-	-
2049-2053	-	-	-	-
Total	\$ 4,880,720	\$ 1,148,912	\$ 250,000	\$ 5,375

General

Year Ending June 30,	Tax Obligation Bonds	
	Principal	Interest
2024	\$ 5,195,000	\$ 2,438,720
2025	5,225,000	2,413,784
2026	5,260,000	2,372,297
2027	5,320,000	2,318,435
2028	5,385,000	2,250,658
2029-2033	28,325,000	9,861,763
2034-2038	30,825,000	6,506,181
2039-2043	23,025,000	2,491,164
2044-2048	4,945,000	267,214
2049-2053	-	-
Total	\$ 113,505,000	\$ 30,920,216

The Refunding Certificates of Participation Bonds, Lease Revenue Refunding Bonds, Certificates of Participation Bonds, and Lease Revenue Bonds retirement and related interest payments are paid from revenues from the General Fund.

The County issued Taxable Pension Obligation Bonds (POB) to prepay a partial obligation under its contract with CalPERS for the County’s Unfunded Accrued Actuarial Liability (UAAL). The County’s outstanding 2021 POB related to governmental activities of \$113,505,000 contain a provision that in an event of default, if the County is unable to make payment, all bonds then outstanding and the accrued interest may become due and payable immediately.

Defeasance of Bonds

On June 4, 2020, the County issued \$4,495,000 2020 Lease Revenue Refunding Bonds Series B (“2020B Bonds”) at a discount of \$30,895, with interest rates ranging from 1.223% to 3.00%. The net proceeds of \$4,371,895 (after underwriter’s discount of \$19,033 and payment of cost of issuance of \$73,177) plus an additional \$409,613 of the 2011 Certificates of Participation (the “2011 Certificates”) reserve fund monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2011 Certificates. As a result, the 2011 Certificates are considered to be defeased and the liability for those have been removed from the long-term debt account.

As a result of the advance refunding of the 2011 Certificates, the County decreased its total debt service payments over the next 16 years by \$923,235 resulting in an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$463,471.

The net carrying amount of the old debt exceeded the reacquisition price by \$17,895 resulting in a deferred gain on refunding. This gain on refunding is amortized over 16 years, the life of the refunding bonds.

Business-Type Activities

At June 30, 2023, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30,	Lease Revenue Bonds		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 310,000	\$ 184,950	\$ 281,099	\$ 77,766
2025	320,000	175,500	274,825	70,920
2026	330,000	162,450	278,460	64,206
2027	350,000	145,450	285,231	57,344
2028	365,000	127,575	292,185	50,288
2029-2033	2,065,000	399,738	511,000	203,794
2034-2038	945,000	38,100	541,000	174,375
2039-2043	-	-	572,000	143,258
2044-2048	-	-	605,000	110,351
2049-2053	-	-	640,000	75,533
2054-2058	-	-	676,001	38,735
2059-2063	-	-	280,001	4,724
Total	<u>\$ 4,685,000</u>	<u>\$ 1,233,763</u>	<u>\$ 5,236,802</u>	<u>\$ 1,071,294</u>

Loans payable principal and interest are paid from various enterprise fund revenues.

B. Component Unit

At June 30, 2023, annual debt service requirements of the Santa Cruz County Sanitation District to maturity are as follows:

Year Ending June 30,	Green Revenue Bond		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 325,000	\$ 870,669	\$ 925,342	\$ 467,640
2025	345,000	854,419	949,075	443,811
2026	360,000	837,169	973,438	419,349
2027	380,000	819,169	998,448	394,237
2028	400,000	800,169	1,024,123	368,456
2029-2033	2,305,000	3,681,594	4,739,990	1,430,876
2034-2038	2,950,000	3,043,844	2,024,996	981,370
2039-2043	3,680,000	2,304,294	2,324,519	677,995
2044-2048	4,500,000	1,489,931	2,672,491	325,457
2049-2053	4,320,000	468,561	1,007,937	29,440
Total	<u>\$ 19,565,000</u>	<u>\$ 15,169,819</u>	<u>\$ 17,640,359</u>	<u>\$ 5,538,631</u>

State Water Resources Control Board Loan 2009

During 2009, the District entered into a Project Finance Agreement (Agreement) with the State Water Resources Control Board (SWRCB) to finance the Aptos Transmission Main Relocation Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$16,725,699. As of June 30, 2023, the District had a balance of \$6,299,476 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 2.5% and the District began making payments to repay the loan in the 2013/2014 fiscal year.

California Infrastructure and Economic Development Bank (IBank) Loan

In April 2019, the District entered into an Installment Sale Agreement (IBank Loan Agreement) with IBank to reduce the frequency of Sanitary Sewer Overflows (SSO) and, wherever possible, prevent SSO while meeting all applicable regulatory requirements by replacing old and deteriorated sewer lines prior to their failure. Under this IBank Loan Agreement, IBank has agreed to loan the District a total of \$7,000,000. Pursuant to the Agreement, the interest rate is 3.46% with the first principal payment due on August 1, 2020 with a loan maturity date of August 1, 2048. As of June 30, 2023, the District had a balance of \$6,552,802 in loan distributions pursuant to this IBank Loan Agreement.

State Water Resources Control Board Loan 2020

During 2020, the District entered into a Construction Installment Sale Agreement (Agreement) with the SWRCB to finance the Soquel Pump Station Force Main Replacement Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$5,000,000. As of June 30, 2023, the District has received a total of \$4,788,080 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 1.8% and the District began making payments to repay the loan in the 2021/2022 fiscal year.

Santa Cruz County Capital Financing Authority Revenue Bonds, Series 2022 (Green Bonds)

On June 1, 2022, the Santa Cruz County Capital Financing Authority issued Green Revenue Bonds for \$19,945,000. The bonds were issued in varying types. There are 14 serial bonds and 6 term bonds issued at a premium (the bonds). Serial bonds mature annually on June 1 between 2023 and 2036. The interest rate on the serial bonds is 5%. There are six term bonds. The first term bond, for \$1,265,000, was issued at an interest rate of 5% and matures on June 1, 2038. The second term bond for \$1,385,000, was issued at an interest rate of 4% and matures on June 1, 2040. The third term bond for \$1,500,000, was issued at an interest rate of 4% and matures on June 1, 2042. The fourth term bond for \$2,485,000, was issued at an interest rate of 4.125% and matures on June 1, 2045. The fifth term bond for \$2,810,000, was issued at an interest rate of 4.125% and matures on June 1, 2048. The sixth term bond for \$4,320,000 was issued at an interest rate of 4.25% and matures on June 1, 2052. The bonds were issued to finance wastewater improvements, specifically 5 separate components that make up the wastewater improvement project.

C. **Legal Debt Limit**

The County's legal annual debt service limit as of June 30, 2023, is \$2,890,349,218. The County's legal debt service limit is 5% of the total full cash valuation of all real and personal property within the County.

D. **Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The County has hired a consultant to perform calculations of excess investment earnings on various bonds and financings, and it is anticipated that the County will be determined to be in compliance with arbitrage regulations.

NOTE 11 - PLEDGE OF FUTURE REVENUES2023 Lease Revenue Bond

The 2023 Series A Lease Revenue Bond is payable from the revenues pledged under an Indenture of Trust dated March 1, 2023. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2023 A Bond continue through 2051. At June 30, 2023, total principal and interest remaining to be paid on the 2023 A Bond is \$30,276,495.

2021 Lease Revenue Bonds

The 2021 Series A Lease Revenue Bonds and the 2021 Series B Taxable Lease Revenue Bonds, collectively referred to herein as "2021 Bonds" are payable from the revenues pledged under an Indenture of Trust dated October 1, 2021. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2021 Bonds continue through 2051. At June 30, 2023, total principal and interest remaining to be paid on the 2021 Bonds is \$40,986,905.

2020 Lease Revenue Bonds

The 2020 Series A Lease Revenue Bonds and the 2020 Series B Taxable Lease Revenue Refunding Bonds, collectively referred to herein as "2020 Bonds" are payable from the revenues pledged under an Indenture of Trust dated June 1, 2020. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2020 Bonds continue through 2051. At June 30, 2023, total principal and interest remaining to be paid on the 2020 Bonds is \$18,555,176.

2015 & 2017 Lease Revenue Bonds

The 2015 and 2017 Lease Revenue Bonds, collectively referred to herein as "Bonds" are payable from the revenues pledged under the Indenture. The County is required to make the Lease Payments from legally available funds. The County has covenanted in the Lease Agreement to take such actions as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations for all such Lease Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2015 bonds continue through 2045, while payments on the 2017 bonds continue through 2035. At June 30, 2023, total principal and interest remaining to be paid on the bonds is \$13,555,421 for the 2015 bonds and \$6,972,728 for the 2017 bonds.

2014 Lease Revenue Bonds

The bonds are payable from and secured by a pledge of revenues and certain funds and accounts established and held by the Trustee under the Indenture. Revenues, as defined in the Indenture, mean (i) all lease payments and other amounts paid, or caused to be paid, by the County, and received by the Financing Authorities pursuant to the Lease Agreement (but not additional payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund) to repay \$11,810,000 (\$5,065,000 financial management system software and \$6,745,000 County's Buena Vista Sanitary Landfill) in lease revenue bonds issued during April 2014. Proceeds from the bonds provided funds to finance capital improvements, including the County's new financial management system software and an additional module at the County's Buena Vista Sanitary Landfill, to fund capitalized interest for a portion of the bonds, to satisfy the Reserve Requirement for the bonds and to pay the costs of issuance of the bonds. Annual principal and interest payments on the bonds continue through 2034. Total principal for the current year was \$515,000 (\$220,000 from governmental activities and \$295,000 from business-type activities). Total interest paid for the current year was \$344,913 (\$147,938 from governmental activities and \$196,975 from business-type activities). At June 30, 2023, total principal and interest remaining to be paid on the bonds is \$10,365,320 (\$4,446,557 from governmental activities and \$5,918,763 from business-type activities).

2012A Lease Revenue Refunding Bonds

The revenues of the Santa Cruz Regional 911 (Regional 911) were pledged to repay \$3,965,000 in lease revenue refunding bonds issued in May 2012. The bonds were refunded on May 15, 2012. Regional 911 was formed in a Joint Powers Authority Agreement with the cities of Santa Cruz, Watsonville, and Capitola and the County of Santa Cruz. Proceeds from the bonds provided funds to refinance an existing lease and to fund equipment purchases. The bonds were payable from use payments paid to the Regional 911 by the different governmental agencies. Annual principal and interest payments on the bonds continue through 2034 and are expected to require less than 12 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$3,148,656. Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or \$1,496,556. Total principal and interest paid for the current year and total customer revenues were \$284,163 and \$9,229,052, respectively. The County paid \$135,062 of the current year principal and interest.

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE COSTS

The County operates the Buena Vista Landfill for the disposal of municipal waste and a transfer station at the site of the closed Ben Lomond Landfill. State and Federal laws and regulations, including the California Integrated Waste Management Board Title 14, California State Water Resources Control Board Title 23, and the Environmental Protection Agency Subtitle D of the Codified Federal Regulations 40, require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on the County landfill's capacity used as of June 30 of each year.

As of June 30, 2023, a liability for closure and postclosure maintenance in the amount of \$14,398,185 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2023, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 80.8% of capacity with an estimated remaining useful life of 10 years. The Ben Lomond Landfill was closed during 1989 and the closure costs have been fully paid. The County will recognize the remaining estimated cost of closure and postclosure maintenance of the Buena Vista Landfill of \$3,367,731 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The estimates will also be adjusted annually for inflation or deflation, in accordance with State guidelines.

The County is required by State and Federal laws and regulations to make annual contributions to a fund to finance closure and postclosure maintenance. The County is in compliance with these requirements, and at June 30, 2023, cash of \$14,398,185 is held for this purpose, reported as restricted assets on the Statement of Net Position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users.

Postclosure maintenance for both the Buena Vista and closed Ben Lomond Landfills are provided for through a "Pledge of Revenue." The Board adopted resolutions pledging future County Disposal Sites CSA 9C Fund's revenues annually through the prescribed postclosure maintenance period. An initial postclosure cost was estimated at the time of adoption of the Pledge of Revenue resolutions and is adjusted for inflation on an annual basis.

NOTE 13 - DEFICIT NET POSITION AND FUND BALANCES

Individual governmental fund deficit fund balance and proprietary fund deficit net positions at June 30, 2023 were as follows:

Governmental Funds:	
Off Highway, Road, and Transportation Fund	\$ 20,922,055
Santa Cruz Flood Control and Water Conservation Zone 7	375,923
Internal Service Funds:	
Information Services	5,615,499
Public Works	35,569,091
Risk Management	1,442,127
Liability and Property Insurance	15,380,067
Workers' Compensation Insurance	11,849,702
State Unemployment Insurance Program Fund	216,513

The deficit net position in the Off Highway, Road, and Transportation Fund and the Santa Cruz Flood Control and Water Conservation Zone 7 Fund is due to unreimbursed expenditures resulting from the 2023 winter storms.

The deficit net positions in the Central Duplicating, Information Services, Public Works, Risk Management Fund and Employee Benefit Staffing are primarily due to the reporting of the net pension and total OPEB liabilities pursuant to the implementation of GASB Statement No. 68 and GASB Statement No. 75. The County is committed to fully funding the actuarially determined contributions annually.

The Liability and Property Insurance, Workers' Compensation Insurance and State Unemployment Insurance Program Funds had deficit net positions of \$15,380,067, \$11,849,702 and \$216,513, respectively. The deficits are related to losses payable for claims and the inclusion of estimates for IBNR claims. Management anticipates that the County will have sufficient funds to pay annual requirements. These funds will normally show up as deficits since the County is set up on a pay-as-you go program.

NOTE 14 - PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the County's separate Miscellaneous (all other), Safety (police and fire), and Safety Sheriff Plans (the Plans), through agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

CalPERS GASB Statement No. 68 Accounting Valuation Report differs from the amounts recognized by the County due to Plan participants that are not part of the County. The amounts have been reduced based on payments within the Measurement Period of July 1, 2021 to June 30, 2022.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits based on the plan specifications. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2 Death Benefit. The cost of living adjustments for each Plan are applied as specified by the California Public Employees' Retirement Law.

The provisions and benefits of the Plans in effect at June 30, 2023, are summarized as follows:

	Miscellaneous		
	Prior to December 17, 2012	December 17, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
Benefit Formula	2% at 55	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	52
Maximum Benefit Factor	2.418% at 63	2.418% at 63	2.5% at 67
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	7.0%	7.0%	7.0%
Required Employer Contribution Rates	28.69%	28.69%	28.69%

	Safety		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
Benefit Formula	2% at 50	2% at 50	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	2.7% at 55	2.7% at 55	2.7% at 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.5%
Required Employer Contribution Rates	42.17%	42.17%	42.17%

	Safety Sheriff		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
Benefit Formula	3% at 50	3% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	3% at 55	3% at 55	2.7% at 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.5%
Required Employer Contribution Rates	52.84%	52.84%	52.84%

* Reciprocal: Any employee who starts working for the County of Santa Cruz within six months of separating from another public agency in California that is either in the CalPERS retirement system or another public retirement system that has reciprocity with CalPERS, so long as the employee began employment with that agency prior to January 1, 2013.

A. General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Employees Covered – At June 30, 2022, the following employees were covered by the benefit terms for each Plan⁽¹⁾:

	Miscellaneous	Safety	Safety Sheriff
Inactive Employees or Beneficiaries Currently Receiving Benefits	3,081	333	137
Inactive Employees Entitled to but not yet Receiving Benefits	1,843	311	118
Active Employees	2,106	214	140
Total	<u>7,030</u>	<u>858</u>	<u>395</u>

B. Net Pension Liability

The County’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous	Safety	Safety Sheriff
Valuation Date	June 30, 2021	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	6.90%	6.90%	6.90%
Inflation	2.30%	2.30%	2.30%
Payroll Growth	2.75%	2.75%	2.75%
Projected Salary Increase	Varies ⁽¹⁾	Varies ⁽¹⁾	Varies ⁽¹⁾
Mortality Rate Table	Developed using CalPERS’ membership data for all Funds ⁽²⁾		
Post Retirement Benefit Increase	The lesser of contract Cost of Living Adjustment (COLA) or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter		

⁽¹⁾ Depending on Entry age and service

⁽²⁾ The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

B. Net Pension Liability (Continued)

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Public Employees’ Retirement Fund’s (PERF) asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class.

Asset class (a)	Current Target Allocation	Real Return
Global Equity - Cap Weighted	30.00%	4.54%
Fixed Income - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	<u>100.00%</u>	

Changes in the Net Pension Liability - The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 1,423,555,853	\$ 1,132,535,062	\$ 291,020,791
Changes in the year:			
Service Cost	29,071,891	-	29,071,891
Interest on the Total Pension Liability	99,697,278	-	99,697,278
Changes in Assumptions	42,608,913	-	42,608,913
Differences between Expected and Actual Experience	(6,353,377)	-	(6,353,377)
Contribution - Employer	-	47,941,887	(47,941,887)
Contribution - Employee	-	11,958,088	(11,958,088)
Net Investment Income	-	(85,822,849)	85,822,849
Benefit Payments, Including Refunds of			
Employee Contributions	(76,914,435)	(76,914,435)	-
Administrative Expenses	-	(710,586)	710,586
Net Changes	88,110,270	(103,547,895)	191,658,165
Balance at June 30, 2022	\$ 1,511,666,123	\$ 1,028,987,167	\$ 482,678,956

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 240,990,262	\$ 191,858,186	\$ 49,132,076
Changes in the year:			
Service Cost	5,666,318	-	5,666,318
Interest on the Total Pension Liability	16,747,614	-	16,747,614
Changes in Assumptions	4,807,984	-	4,807,984
Differences between Expected and Actual Experience	(169,874)	-	(169,874)
Contribution - Employer	-	60,247,161	(60,247,161)
Contribution - Employee	-	2,330,061	(2,330,061)
Net Investment Income	-	(17,436,008)	17,436,008
Benefit Payments, Including Refunds of			
Employee Contributions	(11,480,993)	(11,480,993)	-
Administrative Expenses	-	(119,515)	119,515
Net Changes	15,571,049	33,540,706	(17,969,657)
Balance at June 30, 2022	\$ 256,561,311	\$ 225,398,892	\$ 31,162,419

Safety Sheriff Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$ 238,110,744	\$ 175,212,010	\$ 62,898,734
Changes in the year:			
Service Cost	6,180,206	-	6,180,206
Interest on the Total Pension Liability	16,957,037	-	16,957,037
Changes in Assumptions	10,879,604	-	10,879,604
Differences between Expected and Actual Experience	(748,278)	-	(748,278)
Contribution - Employer	-	73,186,382	(73,186,382)
Contribution - Employee	-	1,909,269	(1,909,269)
Net Investment Income	-	(16,837,943)	16,837,943
Benefit Payments, Including Refunds of Employee Contributions	(11,156,038)	(11,156,038)	-
Administrative Expenses	-	(109,147)	109,147
Net Changes	22,112,531	46,992,523	(24,879,992)
Balance at June 30, 2022	\$ 260,223,275	\$ 222,204,533	\$ 38,018,742

B. Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90 percent) or one percentage point higher (7.90 percent) than the current rate:

	Miscellaneous	Safety	Safety Sheriff
1% Decrease			
Net Pension Liability	\$ 674,643,376	\$ 68,356,709	\$ 75,550,051
Current Discount Rate			
Net Pension Liability	482,678,956	31,162,419	38,018,742
1% Increase			
Net Pension Liability	322,798,259	893,698	7,425,832

Pension Plan Fiduciary Net Position – The Plans’ fiduciary net position disclosed in the County’s CalPERS GASB Statement No. 68 accounting valuation report may differ from the Plan assets reported in the County’s CalPERS funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the County’s funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the County recognized a pension expense of \$84,666,189 as follows:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$62,538,437	\$9,623,417	\$12,504,335	\$84,666,189

At June 30, 2023, the County's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 49,660,268	\$ -
Changes in Assumptions	29,293,627	-
Differences between Actual and Expected Experience	1,757,898	4,367,946
Net Differences between Projected and Actual Earnings on Plan Investments	53,073,843	-
Total	\$ 133,785,636	\$ 4,367,946
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 6,720,634	\$ -
Changes in Assumptions	3,351,019	-
Differences between Actual and Expected Experience	760,764	118,397
Net Differences between Projected and Actual Earnings on Plan Investments	13,002,664	-
Total	\$ 23,835,081	\$ 118,397
	Safety Sheriff	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 6,418,679	\$ -
Changes in Assumptions	8,613,020	12,350
Differences between Actual and Expected Experience	776,259	719,407
Net Differences between Projected and Actual Earnings on Plan Investments	13,128,686	-
Total	\$ 28,936,644	\$ 731,757
	TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 62,799,581	\$ -
Changes in Assumptions	41,257,666	12,350
Differences between Actual and Expected Experience	3,294,921	5,205,750
Net Differences between Projected and Actual Earnings on Plan Investments	79,205,193	-
Total	\$ 186,557,361	\$ 5,218,100

\$62,799,581 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Details for each of the Plan follow:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$ 49,660,268	\$ 6,720,634	\$ 6,418,679	\$ 62,799,581

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous Deferred Outflows (Inflows) of Resources	Safety Deferred Outflows (Inflows) of Resources	Safety Sheriff Deferred Outflows (Inflows) of Resources	TOTAL Deferred Outflows (Inflows) of Resources
2024	\$ 21,651,765	\$ 4,441,127	\$ 5,326,520	\$ 31,419,412
2025	19,376,079	3,973,581	4,616,433	27,966,093
2026	6,127,221	2,098,376	3,929,682	12,155,279
2027	32,602,357	6,482,966	7,913,573	46,998,896
2028	-	-	-	-
Total	\$ 79,757,422	\$ 16,996,050	\$ 21,786,208	\$ 118,539,680

C. Payable to the Pension Plans

At June 30, 2023, there was no outstanding amount of contributions payable to the Plans required for the year ended June 30, 2023.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description. Employees of the County who retire through CalPERS, their spouse, and eligible dependents may receive health plan coverage through the Public Employees’ Medical & Hospital Care Program Plan (OPEB Plan). The OPEB Plan is a single-employer defined benefit plan administered by CalPERS which provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected. The cost of the OPEB Plan to the County for each bargaining group will be determined through CalPERS’ regulations and requirements. For the Physicians Bargaining Unit, the County contributes fixed dollar amounts that vary by coverage [\$327.21 (single) and \$388.41 (for one or more dependents)]. For other bargaining units, the County contributions are based on longevity schedules with fixed dollar scaling that varies by bargaining unit. The OPEB Plan does not issue a financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Eligibility. All County employees became participants in accordance with the Memorandum of Understanding (MOU) as negotiated by each group or bargaining unit. In order to receive benefits, eligible employees must meet the minimum requirements defined in their MOU.

The OPEB Plan is eligible to plan members who retire directly from the County through CalPERS at ages 50 or 55, depending on pension plan, with at least 5 years of service.

Employees Covered – At June 30, 2022, the measurement date, the following employees were covered by the benefit terms:

Active employees	2,294
Inactive employees or beneficiaries currently receiving benefit payments	1,450
Inactive employees entitled but not yet receiving benefit payments	482
Total	4,226

Contributions. The contribution requirements for the County are established by a Memorandum of Understanding as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2023, the County contributed \$7,872,181 to the OPEB Plan, \$1,521,000 of which is an implicit subsidy.

B. Total OPEB Liability

The County’s total OPEB liability of \$164,055,184 was measured as of June 30, 2022, the measurement date.

Actuarial Assumptions and other inputs. Actuarial valuations are done every two years. Update procedures were used to roll forward Total OPEB liability from the June 30, 2021 actuarial valuation date to the June 30, 2022 measurement date. Following are the actuarial assumptions and other inputs applied to the period included in the measurement unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Funding Policy	Pay-as-you-go
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	Non-Medicare - 6.75% for 2023, decreasing to 4.0% in 2076;
Actuarial Assumptions:	
Contribution Policy	No pre-funding
Discount Rate	3.69%
Inflation	2.50% annually
Payroll Increases	Aggregate Increase -2.75%; Merit Increase - CalPERS 2000-2019 Experience Study
Mortality, Termination, Disability and Retirement	CalPERS 2000-2019 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 6.75% for 2023, decreasing to 4.0% in 2076; Medicare - 5.65% for 2023, decreasing to 3.75% in 2076
PEMHCA* Minimum Increase Rate	4.00% annually

*Public Employees’ Medical and Hospital Care Act (PEMHCA)

The discount rate was based on the Fidelity Municipal General Obligation AA 20-year bond index.

There was no experience study performed for the OPEB Plan. The actuarial assumptions used in the June 30, 2021 valuation were based on CalPERS experience studies, since covered employees are also in CalPERS plans. Mortality Improvement is the most recent Society of Actuaries table. Inflation is based on the actuary’s estimate for the OPEB Plan’s very long-time horizon. The short-term healthcare trend was developed in consultation by the actuary with Axene Health Partners’ healthcare actuaries. The long-term healthcare trend was developed using Society of Actuaries’ Getzen Model of Long-Run Medical Cost Trends.

Changes in the Total OPEB Liability - The changes in the Total OPEB Liability follow:

	Total OPEB Liability
Balance at June 30, 2022	\$ 198,067,559
Changes for the year:	
Service Cost	10,812,207
Interest	3,936,054
Differences between Actual and Expected Experience	-
Changes in Assumptions	(41,006,803)
Benefit Payments	(7,753,833)
Net Changes	(34,012,375)
Balance at June 30, 2023	\$ 164,055,184

Change of Assumptions – In 2022, the accounting discount rate increased from 1.92 percent to 3.69 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the Total OPEB liability of the County, as well as what the County’s Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69 percent) or one percentage point higher (4.69 percent) than the current rate:

Total OPEB Liability		
2.69%	3.69%	4.69%
(1% Decrease)	(Current Discount Rate)	(1% Increase)
\$ 185,426,405	\$ 164,055,184	\$ 146,386,462

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates – The following presents the Total OPEB liability of the County, as well as what the County’s Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Total OPEB Liability		
(1% Decrease)	(Current Healthcare Trend)	(1% Increase)
\$ 152,614,446	\$ 164,055,184	\$ 182,075,793

C. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the County recognized OPEB expense of \$7,645,485.

At June 30, 2023, the County's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred of Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 7,872,181	\$ -
Differences Between Expected and Actual Experience	-	12,556,374
Changes in Assumptions or Other Inputs	15,431,917	37,049,759
Total	\$ 23,304,098	\$ 49,606,133

\$7,872,181 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2024	\$ (6,714,529)
2025	(5,028,980)
2026	(4,870,205)
2027	(5,078,867)
2028	(7,132,922)
Thereafter	(5,348,713)
Total	\$ (34,174,216)

NOTE 16 - DEFERRED COMPENSATION PLAN

The County offers all of its full-time employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The deferred compensation plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or emergency. Employees direct the investment of deferred compensation plan assets into certificates of deposits and various mutual funds. The County has insignificant administrative duties.

As of June 30, 2023, the deferred compensation plan's assets of \$245,499,599 are not recorded in the County's financial statements as they are deposited with a third party administrator independent of the County.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. Construction contracts

As of June 30, 2023, the County has construction contract commitments included in the following funds in the following amounts:

Off Highway, Road, and Transportation Fund	\$ 41,681,213
Capital Projects Fund	25,572,238
	<u>\$ 67,253,451</u>

B. Litigation

There are several lawsuits and unresolved disputes involving the County or its employees in which the County is represented by the County Counsel. However, in the opinion of the County Counsel these actions will not, in the aggregate, have a material adverse effect upon the operations or financial position of the County.

C. Federal and State Grants

The County participates in a number of Federal and State grant programs subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that audit disallowances, if any, would have a significant effect on the financial position of the County.

D. Medicare and Medi-Cal Reimbursements

The County’s Medicare and Medi-Cal cost reports for certain prior years are in various stages of review by the third-party intermediaries and have not been settled as a result of certain unresolved reimbursement issues. The County believes that it has adequately provided for any potential liabilities which may arise from the intermediaries’ review.

E. Encumbrances

As discussed in the Required Supplementary Information of this report under Budgetary Principles, the County uses Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. This method of accounting ensures effective budgetary control and accountability, and facilitates effective cash planning and control. At year-end, the amount of encumbrances expected to be paid in the next year were as follows:

General Fund	\$ 6,963,614
Nonmajor Governmental	16,156,498
Enterprise Funds	2,546,356
Internal Service Funds	4,438,748
	<u>\$ 30,105,216</u>

NOTE 18 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; medical malpractice; unemployment coverage; and dental benefits to employees. The County is self-insured for its general and automobile liability, workers’ compensation, property, unemployment insurance and employees’ dental coverage. The County has chosen to establish risk-financing internal service funds, where assets are set aside for claim settlements associated with the above risk of loss up to certain limits. Excess coverage is provided by the California State Association of Counties (CSAC) Excess Insurance Authority (Insurance Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The Insurance Authority is governed by a Board of Directors consisting of representatives of the member counties. Self-insurance limits per occurrence and Insurance Authority limits per year are as presented in the Statistical Section of this report.

Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years has exceeded the amount of insurance coverage. As of June 30, 2023, the workers’ compensation liability limit per occurrence was \$500,000.

The unpaid claims liability included in each of the Self-Insurance Internal Service Funds is based on the results of actuarial studies and includes amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. It is the County’s practice to obtain full actuarial studies bi-annually for the Liability/Property and Workers Compensation program. Annual premiums are charged by each Self-Insurance fund using various allocation methods which include actual costs, claims experience, and number of participants.

The change in the balance of claims liabilities during the fiscal year ended June 30, 2023, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2023	2022	2021
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 52,706,649	\$ 52,745,464	\$ 47,576,484
Incurred claims and claim adjustment expenses	11,192,103	10,929,583	18,300,604
Increase (decrease) in provision of insured events for prior years	4,941,180	(38,814)	5,168,980
Claim payments	(11,192,103)	(10,929,584)	(18,300,604)
Unpaid claims and claim adjustment expenses, end of the fiscal year	<u>\$ 57,647,829</u>	<u>\$ 52,706,649</u>	<u>\$ 52,745,464</u>

At June 30, 2023, the Self-Insurance Funds held a total of \$29,806,274 in cash for the payment of these claims.

A. Workers’ Compensation

The Workers’ Compensation self-insurance program is funded on a cash flow plus contingency reserve basis. The County is liable for the first \$500,000 and carries catastrophic insurance coverage. At June 30, 2023, the estimated future liabilities were \$34,927,000. As permitted by State and Federal guidelines, the Workers’ Compensation program is funded on a pay-as-you-go basis. The funding is closely monitored to ensure that claims are paid when due or required by law.

B. Dental and Medical

The County provides a self-funded indemnity dental program for employees and their dependents and is funded by the various County departments through charges to their salary and benefits budgets. At June 30, 2023, the County had an estimated future liability of \$379,130 for dental benefits. The County is fully insured for its alternative capitation dental program and for medical coverage for employees represented by the Santa Cruz County Deputy Sheriffs’ Association and the Santa Cruz County Lieutenants’ Association.

C. Liability and Property

The County has a self-insured retention of \$1 million with excess insurance coverage for the general liability program. At June 30, 2023, the County had estimated future liabilities totaling \$22,201,000 which included estimates for known claims and losses incurred but not reported (IBNR).

D. Unemployment Insurance

The Unemployment Insurance self-insurance program is considered a “reimbursable” program by the Employment Development Department (EDD), since EDD provides benefits and bills the County quarterly after the fact. As billings are always one quarter in arrears, the estimated future liabilities are based on 25% of the amount budgeted for the new fiscal year. At June 30, 2023, estimated future liabilities were \$140,699.

NOTE 19 - FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2023, is as follows:

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 1,974,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,189
Total nonspendable fund balance	1,974,189	-	-	-	-	-	1,974,189
Restricted for:							
Purpose of fund	-	-	88,766,639	-	-	36,388,084	125,154,723
Debt service	-	-	-	-	32,609,206	-	32,609,206
Capital asset acquisition	-	-	-	8,128,410	-	-	8,128,410
COVID 19 Pandemic	13,656	-	-	-	-	-	13,656
Local Innovation	745,479	-	-	-	-	-	745,479
Cannabis Equity Grant	3,604	-	-	-	-	-	3,604
Recorder Micrographics	146,482	-	-	-	-	-	146,482
Recorder Improvement	883,466	-	-	-	-	-	883,466
Recorder Electronic							
Record Deletion	122,419	-	-	-	-	-	122,419
Vital Statistics	150,996	-	-	-	-	-	150,996
Child Support Services	391,278	-	-	-	-	-	391,278
DA Consumer Fraud	5,809,443	-	-	-	-	-	5,809,443
DA Drug Forfeiture	8	-	-	-	-	-	8
DA SLESF	952	-	-	-	-	-	952
Health Care Programs	3,571,013	-	-	-	-	-	3,571,013
Human Services/Welfare Programs	1,345,834	-	-	-	-	-	1,345,834
Homeless Programs	216,924	-	-	-	-	-	216,924
Parks Projects	988,950	-	-	-	-	-	988,950
Veterans Memorial Building	11,839	-	-	-	-	-	11,839
Deferred Compensation Oversight	36,563	-	-	-	-	-	36,563
Planning Building Training	49,577	-	-	-	-	-	49,577
Emergency Rental Assistance	37	-	-	-	-	-	37
Probation Programs	3,246,285	-	-	-	-	-	3,246,285
Probation SLESF	803,881	-	-	-	-	-	803,881
Probation Realignment	11,029,906	-	-	-	-	-	11,029,906
Public Defender	102,499	-	-	-	-	-	102,499
Sheriff Drug Forfeiture	793,181	-	-	-	-	-	793,181
Sheriff Programs	2,140,639	-	-	-	-	-	2,140,639
Sheriff SLESA/SLESF	733,917	-	-	-	-	-	733,917
Sheriff Realignment	1,401,740	-	-	-	-	-	1,401,740
Total restricted fund balance	34,740,568	-	88,766,639	8,128,410	32,609,206	36,388,084	200,632,907

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed to:							
Natural Disasters	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Working Capital	6,000,000	-	-	-	-	-	6,000,000
Strategic reserve	10,000,000	-	-	-	-	-	10,000,000
MHSA Prudent Reserve	2,997,367	-	-	-	-	-	2,997,367
Total committed fund balance	20,997,367	-	-	-	-	-	20,997,367
Assigned to:							
Federally qualified health program	37,715,101	-	-	-	-	-	37,715,101
Budgeted structural deficit	7,646,039	-	-	-	-	-	7,646,039
Eliminate projected budgetary deficit in subsequent year's budget	23,373,008	-	-	-	-	-	23,373,008
Unanticipated liabilities	2,000,000	-	-	-	-	-	2,000,000
Human services programs	7,321,694	-	-	-	-	-	7,321,694
Salary savings	1,174,177	-	-	-	-	-	1,174,177
Other purposes	2,470,054	-	-	-	-	-	2,470,054
Total assigned fund balance	81,700,073	-	-	-	-	-	81,700,073
Unassigned Fund Balance	-	(20,922,053)	-	-	-	(375,923)	(21,297,976)
	\$						
Total fund balances	139,412,197	\$ (20,922,053)	\$ 88,766,639	\$ 8,128,410	\$ 32,609,206	\$ 36,012,161	\$ 284,006,560

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

During the County’s review process the item listed below under the Housing Fund financial statements was identified and the following adjustment was prepared:

Government-Wide Prior Period Adjustments

- Reclassification of loans issued and recorded as expenditures in prior periods. The reclassification resulted in an increase in loans receivable and an increase in net position.
- Reclassification of loan payments recorded as revenue in prior periods. The reclassification resulted in a decrease in loans receivable and a decrease in net position.
- Reclassification of Opal Cliffs Recreation District (OCRD) balances into Recreation and Cultural Services as a result of annexation of OCRD into Recreation and Cultural Services.
- Posted adjustments related to Internal Service Funds for unrecorded assets, accumulated amortization and liabilities related to right of use leases pursuant to GASB 87.

Housing Fund Prior Period Adjustments

- Reclassification of loans issued and recorded as expenditures in prior periods. The reclassification resulted in an increase in loans receivable and an increase in fund balance.
- Reclassification of loan payments recorded as revenue in prior periods. The reclassification resulted in a decrease in loans receivable and a decrease in fund balance.

Debt Service Fund Prior Period Adjustments

- Reclassification of Financing Authorities balances into Debt Service Fund as a result of the consolidation of County debt service into one fund.

Financing Authorities Prior Period Adjustments

- Reclassification of Financing Authorities balances into Debt Service Fund as a result of the consolidation of County debt service into one fund.

Recreation and Cultural Services Adjustment

- Reclassification of Opal Cliffs Recreation District (OCRD) balances into Recreation and Cultural Services as a result of annexation of OCRD into Recreation and Cultural Services.

Proprietary Fund Adjustments

Internal Service Funds

- Posted adjustments for unrecorded assets, accumulated amortization and liabilities related to right of use leases pursuant to GASB 87.

Government-Wide Financial Statements

Governmental Activities	2022 Previously Presented	Restatement	2022 Restated
Cash	\$ -	\$ 81,643	\$ 81,643
Loans receivable - Housing Fund	-	12,595,853	12,595,853
Buildings & Structures - ROU lease asset	-	1,615,612	1,615,612
Equipment - ROU lease asset	-	127,075	127,075
Accumulated amortization - ROU lease Buildings & Structures	-	(29,584)	(29,584)
Accumulated amortization - ROU lease equipment	-	(20,572)	(20,572)
Lease liability	-	(1,695,790)	(1,695,790)
Accounts payable	-	(2,780)	(2,780)
Unearned revenue	-	(3,935)	(3,935)
Internal Service Funds	-	(6,872)	(6,872)
Net position, end of year	175,178,956	\$ 12,660,650	187,839,606

Governmental Fund Financial Statements

Governmental Activities	2022 Previously Presented	Restatement	2022 Restated
Housing Fund			
Loans receivable	\$ -	\$ 12,595,853	\$ 12,595,853
Housing Fund, fund balance, end of year	76,650,245	\$ 12,595,853	89,246,098
Debt Service Fund			
Restricted cash and investments	\$ -	\$ (25,524,172)	\$ (25,524,172)
Due to other funds	-	1,030,371	1,030,371
Debt Service Fund, fund balance, end of year	24,493,801	\$ (24,493,801)	-
Financing Authorities			
Restricted cash and investments	\$ -	\$ 25,524,172	\$ 25,524,172
Due to other funds	-	(1,030,371)	(1,030,371)
Financing Authorities, fund balance, end of year	-	\$ 24,493,801	24,493,801
Recreation and Cultural Services			
Cash	\$ -	\$ 81,643	\$ 81,643
Accounts payable	-	(2,780)	(2,780)
Unearned revenue	-	(3,935)	(3,935)
Recreation and Cultural Services, fund balance, end of year	3,086,146	\$ 74,928	3,161,074

Proprietary Fund Financial Statements

Internal Service Funds	2022 Previously Presented	Restatement	2022 Restated
Information Services			
Equipment - ROU lease asset	\$ -	\$ 645,841	\$ 645,841
Accumulated amortization - ROU lease equipment	-	(65,964)	(65,964)
Lease liability	-	(586,749)	(586,749)
Information Services net position, end of year	(6,141,906)	\$ (6,872)	(6,148,778)

Fiduciary Fund Financial Statements

Investment Trust Funds	2022 Previously Presented	Restatement	2022 Restated
Fiduciary net position, end of year	914,860,923	\$ (51,425,417)	863,435,506

NOTE 21 - SUBSEQUENT EVENTS

On July 6, 2023, the County paid the principal and interest of the 2022-23 Tax and Revenue Anticipation Notes in the total amount of \$50,353,333. On July 6, 2023, the County issued the 2023-24 Tax and Revenue Anticipation Notes in the amount of \$61,000,000. The 2023-24 Tax and Revenue Anticipation Notes bear interest at the rate of 5.0% and mature on July 5, 2024. The County issues tax and revenue anticipation notes annually to meet current expenses, capital expenditures, and other obligations or indebtedness until sufficient taxes or revenues are collected to fund the County’s operations.

NOTE 22 - EXCESS EXPENDITURES OVER APPROPRIATIONS

The following Funds had expenditures that exceeded appropriations:

<u>Account with excess expenditures</u>	<u>Excess Amount</u>
General Fund - General Government	
Board of Supervisors - Capital assets	\$ 57,932
Administrative Office - Capital assets	61,594
Personnel - Services and supplies	5,808
County Clerk/Elections - Capital assets	135,595
General Services - Services and supplies	216,356
General Fund - Public Protection	
County Emergency Office - Services and supplies	434,516
General Fund - Debt Service	
Debt Service - Principal	375,657
Debt Service - Interest	5,942

General Fund – General Government: Board of Supervisors - Capital Assets. Expenditures exceeded appropriations due to changes in accounting resulting from the implementation of GASB 96 - Subscription Based Information Technology Arrangements.

General Fund – General Government: Administrative Office - Capital Assets. Expenditures exceeded appropriations due to changes in accounting resulting from the implementation of GASB 96 - Subscription Based Information Technology Arrangements.

General Fund – General Government: Personnel - Services and supplies. Expenditures exceeded appropriations due to a failure to budget expenditures before year-end.

General Fund – General Government: County Clerk/Elections - Capital Assets. Expenditures exceeded appropriations due to changes in accounting resulting from the implementation of GASB 96 - Subscription Based Information Technology Arrangements.

General Fund – General Government: General Services - Services and supplies. Expenditures exceeded appropriations due to a failure to budget expenditures before year-end.

General Fund – Public Protection: County Emergency Office - Services and Supplies and Capital Assets. Expenditures exceeded appropriations due to a failure to budget expenditures before year-end.

General Fund – Debt Service: Principal. Expenditures exceeded appropriations due to changes in accounting resulting from the implementation of GASB 96 - Subscription Based Information Technology Arrangements.

General Fund – Debt Service: Interest. Expenditures exceeded appropriations due to changes in accounting resulting from the implementation of GASB 96 - Subscription Based Information Technology Arrangements.

NOTE 23 – TAX ABATEMENTS

The County provides property tax abatements through the Williamson Act program (the California Land Conservation Act of 1965), which allows eligible property owners to enter into a contract to preserve commercial agricultural land. Applications to enter into a new contract or to not renew or cancel an existing contract require approval from the County Board of Supervisors with recommendations from the Agricultural Policy Advisory Commission and the Planning Commission.

Contracts are usually approved for a term of 10 or 20 years and automatically renew every year. The contract is maintained at the original term until the contract is not renewed by the property owner or the County, or until the contract is canceled by the property owner. In the past, the State reimbursed counties to partially offset the loss of property tax revenue, but they discontinued the subvention payments in 2009. In response, the County resolved to not accept or take action on applications for new contracts.

To be eligible for the tax abatement, the parcels must be located within an Agricultural Preserve as Type 1, 2, or 3, and zoned Commercial Agriculture, Agriculture Preserve, or Timber Production. They must also be designated as Agriculture, Mountain Residential, Parks and Open Space, or Resource Conservation. Parcels must be at least 10 acres if designated as Type 1 or 3 and at least 40 acres if designated as Type 2.

Properties under contract will often be eligible for a reduced land value assessment. The Assessor’s office values the parcels under contract annually using the lowest of three value calculations: the Proposition 13 value, the Fair value, or the Restricted value. The Restricted value is calculated based on the potential income the land could produce based on the land classification and type of agriculture it could support.

No other commitments were made by the County as part of the Williamson Act. For the fiscal year ended June 30, 2023, the Agricultural Preserve Program tax abatements were \$425,210.



Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

BUDGETARY PRINCIPLES*General Budget Policies*

In accordance with Chapter 1, Division 3, Title 3, of the Government Code of the State of California, known as the "Budget Act," the County of Santa Cruz (County) prepares and adopts a budget for each fiscal year. The budget is a compilation of operating budgets from: individual functional units within the General Fund, Special Revenue Funds, Capital Projects Fund, and Proprietary Funds (operating plans). Budgets are adopted for all funds except for Debt Service Funds and certain Special Revenue Funds, namely, the Financing Authorities, and Health Services, and Geological Hazard Abatement Districts funds.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before June 10, each official in charge of a budget provides the County Administrative Officer an itemized request detailing the estimate of financing sources, financing uses, and any other matters required by the Board of Supervisors (Board). The auditor provides the estimates for bonded debt service requirements.
- B. Prior to July 1, the County Administrative Officer submits to the Board a recommended budget for the fiscal year commencing the following July 1. By formal action, the Board approves the recommended budget, including the revisions it deems necessary.
- C. On or before September 8, the Board publishes a notice in a newspaper of general circulation stating that the recommended budget documents are available to the public, and the dates of the public hearings at which any member of the public may attend and be heard on any item in the recommended budget.
- D. On or before October 2, public hearings are conducted to obtain public comments, and the budget is legally adopted through the passage of a resolution. The public hearings shall be concluded within 14 calendar days.
- E. On or before December 1, the Auditor-Controller publishes a final budget as recommended by the County Administrative Officer and adopted by the Board, in a format prescribed by the State Controller.
- F. Budget units are expenditure classifications which identify accounting or cost centers necessary or desirable for control of the County financial operation.
- G. The County uses formal budgetary integration as a management control device during the year for the primary government and all blended component units, except the Financing Authorities and certain Special Revenue Funds, which do not annually adopt a budget.
- H. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for the following different classifications:
 - Interfund transfers are reported as revenues or expenditures for budgetary purposes, however, for GAAP purposes are reported as other financing sources or uses.
 - Proceeds from the sale of assets and the issuance of new debt are reported as revenues for budgetary purposes, however, for GAAP purposes they are reported as other financing sources.
- I. Budgetary control is maintained at the character level, except for capital assets and other charges which are controlled by line item. Character levels are appropriation totals for salaries and employee benefits, and services and supplies. The Board approves all transfers of budgeted appropriation amounts between budget units within any fund or between expenditures outside of budgetary control limits. Unencumbered appropriations at year-end lapse into fund balance. See the following paragraph for encumbered appropriations at year-end.

The Board made several supplementary budgetary appropriations throughout the year, primarily to the Special Revenue and Capital Projects Funds. Other supplemental budgetary appropriations in other funds were not considered material.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as part of the fund balance assigned to eliminate projected budgetary deficit in subsequent year's budget since they do not constitute expenditures or liabilities. Encumbrances at year-end are re-budgeted in the new year.

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 165,186,347	\$ 163,396,347	\$ 163,997,300	\$ 600,953
Licenses and permits	17,574,581	17,584,581	16,152,951	(1,431,630)
Fines, forfeits and penalties	8,789,473	13,289,473	13,030,762	(258,711)
Use of money and property	2,526,432	2,575,779	7,934,806	5,359,027
Aid from other governments	373,084,816	424,895,113	405,016,614	(19,878,499)
Charges for services	92,949,973	93,885,946	81,563,806	(12,322,140)
Other	10,066,342	10,623,980	6,504,070	(4,119,910)
Total Revenues	<u>670,177,964</u>	<u>726,251,219</u>	<u>694,200,309</u>	<u>(32,050,910)</u>
EXPENDITURES:				
General Government:				
Board of Supervisors				
Salaries and employee benefits	3,157,796	3,203,308	3,203,308	-
Services and supplies	210,713	204,565	186,565	18,000
Capital assets	-	-	57,932	(57,932)
Intrafund transfers	-	181	181	-
Total	<u>3,368,509</u>	<u>3,408,054</u>	<u>3,447,986</u>	<u>(39,932)</u>
Administrative Office				
Salaries and employee benefits	6,441,664	6,458,751	5,778,940	679,811
Services and supplies	8,165,261	7,315,896	5,279,911	2,035,985
Other charges	-	191,334	-	191,334
Capital assets	15,000	31,706	93,300	(61,594)
Intrafund transfers	(995,516)	(995,516)	51,090	(1,046,606)
Appropriations for contingencies	-	150,132	-	150,132
Total	<u>13,626,409</u>	<u>13,152,303</u>	<u>11,203,241</u>	<u>1,949,062</u>
Auditor-Controller				
Salaries and employee benefits	6,266,331	6,226,331	6,081,052	145,279
Services and supplies	2,315,505	1,746,977	1,624,656	122,321
Capital assets	23,899	35,961	34,435	1,526
Intrafund transfers	(2,226,673)	(2,186,673)	(355,589)	(1,831,084)
Appropriations for contingencies	-	3,821	-	3,821
Total	<u>6,379,062</u>	<u>5,826,417</u>	<u>7,384,554</u>	<u>(1,558,137)</u>
Assessor				
Salaries and employee benefits	3,188,820	3,188,820	3,185,624	3,196
Services and supplies	859,507	567,502	560,538	6,964
Other charges	188,892	-	-	-
Capital assets	-	12,482	6,241	6,241
Intrafund transfers	(191,342)	30,771	(191,510)	222,281
Total	<u>4,045,877</u>	<u>3,799,575</u>	<u>3,560,893</u>	<u>238,682</u>
County Counsel				
Salaries and employee benefits	4,570,062	4,570,062	4,521,785	48,277
Services and supplies	195,850	187,575	180,887	6,688
Intrafund transfers	(1,471,983)	(1,471,983)	(619,819)	(852,164)
Total	<u>3,293,929</u>	<u>3,285,654</u>	<u>4,082,853</u>	<u>(797,199)</u>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES, Continued:				
General Government, Continued:				
Personnel				
Salaries and employee benefits	\$ 4,704,890	\$ 4,704,890	\$ 4,672,836	\$ 32,054
Services and supplies	3,987,981	5,134,835	5,140,643	(5,808)
Intrafund transfers	(1,877,554)	(1,877,554)	(1,269,022)	(608,532)
Total	<u>6,815,317</u>	<u>7,962,171</u>	<u>8,544,457</u>	<u>(582,286)</u>
County Clerk/Elections				
Salaries and employee benefits	2,475,235	2,475,235	2,019,455	455,780
Services and supplies	2,226,423	2,194,465	1,874,424	320,041
Capital assets	-	37,399	172,994	(135,595)
Intrafund transfers	-	407	407	-
Total	<u>4,701,658</u>	<u>4,707,506</u>	<u>4,067,280</u>	<u>640,226</u>
Communications				
Salaries and employee benefits	953,967	953,967	860,829	93,138
Services and supplies	716,424	905,434	380,444	524,990
Capital assets	65,000	65,541	65,541	-
Intrafund transfers	(1,267,371)	(1,260,791)	(754,861)	(505,930)
Total	<u>468,020</u>	<u>664,151</u>	<u>551,953</u>	<u>112,198</u>
General Services				
Salaries and employee benefits	7,332,735	7,332,735	6,995,623	337,112
Services and supplies	5,901,156	5,103,235	5,319,591	(216,356)
Other charges	-	2,196	2,196	-
Intrafund transfers	(8,102,803)	(7,269,042)	(5,771,322)	(1,497,720)
Appropriations for contingencies	-	46,237	-	46,237
Total	<u>5,131,088</u>	<u>5,215,361</u>	<u>6,546,088</u>	<u>(1,330,727)</u>
Emergency Services				
Services and supplies	1,862,430	1,862,430	1,862,430	-
Other charges	416,804	416,804	416,804	-
Intrafund transfers	-	6,071	6,071	-
Total	<u>2,279,234</u>	<u>2,285,305</u>	<u>2,285,305</u>	<u>-</u>
Community and Agency Support				
Services and supplies	1,251,660	972,723	(3,740)	976,463
Other charges	880,145	25,880,145	25,123,789	756,356
Intrafund transfers	(4,264,940)	(4,264,940)	(1,558,987)	(2,705,953)
Appropriations for contingencies	7,425,668	9,432,683	-	9,432,683
Total	<u>5,292,533</u>	<u>32,020,611</u>	<u>23,561,062</u>	<u>8,459,549</u>
Surveyor				
Services and supplies	597,501	597,501	315,981	281,520
Total	<u>597,501</u>	<u>597,501</u>	<u>315,981</u>	<u>281,520</u>
Plant Acquisition				
Services and supplies	454,573	454,573	-	454,573
Total	<u>454,573</u>	<u>454,573</u>	<u>-</u>	<u>454,573</u>
Total General Government	<u>56,453,710</u>	<u>83,379,182</u>	<u>75,551,653</u>	<u>7,827,529</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES, Continued:				
Public Protection:				
Courts				
Services and supplies	\$ 270,300	\$ 270,300	\$ 188,336	\$ 81,964
Other charges	1,737,863	1,737,863	1,737,862	1
Total	2,008,163	2,008,163	1,926,198	81,965
Grand Jury				
Services and supplies	51,698	52,848	46,471	6,377
Intrafund transfers	-	1,221	1,221	-
Total	51,698	54,069	47,692	6,377
Child Support				
Salaries and employee benefits	4,857,477	4,857,477	4,427,973	429,504
Services and supplies	953,317	644,613	421,188	223,425
Other charges	103,218	-	-	-
Intrafund transfers	-	164,103	60,885	103,218
Total	5,914,012	5,666,193	4,910,046	756,147
District Attorney				
Salaries and employee benefits	21,537,226	21,107,332	20,753,975	353,357
Services and supplies	2,464,827	2,019,760	1,927,592	92,168
Other charges	383,737	383,737	251,868	131,869
Capital assets	515	397,313	397,313	-
Intrafund transfers	(788,558)	(826,168)	(59,784)	(766,384)
Appropriations for contingencies	-	182,938	-	182,938
Total	23,597,747	23,264,912	23,270,964	(6,052)
Public Defender				
Salaries and employee benefits	10,146,511	9,819,886	9,726,201	93,685
Services and supplies	4,887,207	5,187,232	4,520,675	666,557
Capital assets	5,902	56,640	56,640	-
Intrafund transfers	-	(168,075)	(104,979)	(63,096)
Appropriations for contingencies	-	61,177	-	61,177
Total	15,039,620	14,956,860	14,198,537	758,323
Sheriff-Coroner				
Salaries and employee benefits	70,248,054	72,198,355	66,433,310	5,765,045
Services and supplies	22,263,857	19,670,805	18,787,856	882,949
Other charges	192,800	192,800	192,073	727
Capital assets	60,614	337,056	331,592	5,464
Intrafund transfers	(266,389)	462,287	462,287	-
Appropriations for contingencies	-	23,741	-	23,741
Total	92,498,936	92,885,044	86,207,118	6,677,926
Probation Department				
Salaries and employee benefits	21,008,745	21,133,530	18,609,436	2,524,094
Services and supplies	11,181,381	11,030,381	8,019,787	3,010,594
Other charges	29,000	74,572	28,522	46,050
Intrafund transfers	(167,481)	630,062	630,062	-
Appropriations for contingencies	-	210,865	-	210,865
Total	32,051,645	33,079,410	27,287,807	5,791,603

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES, Continued:				
Public Protection, Continued::				
Agricultural Commissioner/Weights and Measures				
Salaries and employee benefits	\$ 2,431,847	\$ 2,427,327	\$ 2,261,167	\$ 166,160
Services and supplies	444,134	399,947	399,946	1
Intrafund transfers	(216,225)	(206,874)	(208,713)	1,839
Total	<u>2,659,756</u>	<u>2,620,400</u>	<u>2,452,400</u>	<u>168,000</u>
Public Works - Roads				
Services and supplies	275,000	275,000	103,238	171,762
Total	<u>275,000</u>	<u>275,000</u>	<u>103,238</u>	<u>171,762</u>
Recorder				
Salaries and employee benefits	861,879	879,264	879,264	-
Services and supplies	633,636	539,297	444,389	94,908
Other charges	64,636	-	-	-
Intrafund transfers	-	71,096	6,459	64,637
Appropriations for contingencies	-	1,297	-	1,297
Total	<u>1,560,151</u>	<u>1,490,954</u>	<u>1,330,112</u>	<u>160,842</u>
County Emergency Office				
Salaries and employee benefits	16,571	260,509	160,021	100,488
Services and supplies	320,958	824,551	1,259,067	(434,516)
Other charges	4,000	145,346	65,221	80,125
Capital assets	-	19,295	-	19,295
Intrafund transfers	46,290	568,940	232,916	336,024
Total	<u>387,819</u>	<u>1,818,641</u>	<u>1,717,225</u>	<u>101,416</u>
Planning Department				
Salaries and employee benefits	11,773,434	11,786,432	11,274,935	511,497
Services and supplies	5,866,176	6,314,084	4,279,639	2,034,445
Other charges	1,063,185	889,315	352,158	537,157
Intrafund transfers	1,130,306	1,863,879	722,878	1,141,001
Appropriations for contingencies	-	10,487	-	10,487
Total	<u>19,833,101</u>	<u>20,864,197</u>	<u>16,629,610</u>	<u>4,234,587</u>
Other Public Protection				
Other charges	1,977,755	1,977,755	1,977,749	6
Total	<u>1,977,755</u>	<u>1,977,755</u>	<u>1,977,749</u>	<u>6</u>
Total Public Protection	<u>197,855,403</u>	<u>200,961,598</u>	<u>182,058,696</u>	<u>18,902,902</u>
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	114,470,150	115,459,123	100,052,321	15,406,802
Services and supplies	102,370,032	96,851,003	91,305,446	5,545,557
Other charges	38,555,781	41,038,806	40,863,805	175,001
Capital assets	1,086,282	1,580,372	302,320	1,278,052
Intrafund transfers	(24,598,969)	(22,242,660)	(19,234,609)	(3,008,051)
Total	<u>231,883,276</u>	<u>232,686,644</u>	<u>213,289,283</u>	<u>19,397,361</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES, Continued:				
Health and Sanitation, Continued:				
Mosquito Abatement				
Salaries and employee benefits	\$ 1,198,700	\$ 1,198,700	\$ 1,117,062	\$ 81,638
Services and supplies	495,249	476,058	365,058	111,000
Intrafund transfers	-	10,382	10,382	-
Total	<u>1,693,949</u>	<u>1,685,140</u>	<u>1,492,502</u>	<u>192,638</u>
Air Pollution				
Other charges	64,989	64,989	64,989	-
Total	<u>64,989</u>	<u>64,989</u>	<u>64,989</u>	<u>-</u>
Total Health and Sanitation	<u>233,642,214</u>	<u>234,436,773</u>	<u>214,846,774</u>	<u>19,589,999</u>
Public Assistance:				
Human Services Department				
Salaries and employee benefits	73,526,132	70,542,288	67,389,670	3,152,618
Services and supplies	21,069,333	19,405,971	16,044,653	3,361,318
Other charges	56,126,937	60,373,038	53,303,243	7,069,795
Capital assets	118,000	186,133	129,385	56,748
Intrafund transfers	5,210,329	7,899,941	3,719,358	4,180,583
Appropriations for contingencies	-	165,915	-	165,915
Total	<u>156,050,731</u>	<u>158,573,286</u>	<u>140,586,309</u>	<u>17,986,977</u>
Community Programs				
Other charges	6,453,900	6,552,486	6,402,168	150,318
Total	<u>6,453,900</u>	<u>6,552,486</u>	<u>6,402,168</u>	<u>150,318</u>
Homeless				
Salaries and employee benefits	4,454,026	3,644,900	3,056,759	588,141
Services and supplies	15,425,397	17,333,826	12,041,582	5,292,244
Other charges	2,540,086	3,791,427	2,814,667	976,760
Intrafund transfers	(3,088,183)	(3,019,706)	(1,565,324)	(1,454,382)
Appropriations for contingencies	-	668,186	-	668,186
Total	<u>19,331,326</u>	<u>22,418,633</u>	<u>16,347,684</u>	<u>6,070,949</u>
Public Guardian				
Salaries and employee benefits	1,097,379	1,101,644	1,101,640	4
Services and supplies	92,631	116,511	46,008	70,503
Intrafund transfers	(822,224)	(848,549)	(742,070)	(106,479)
Total	<u>367,786</u>	<u>369,606</u>	<u>405,578</u>	<u>(35,972)</u>
Wards of Court				
Services and supplies	721,712	452,793	320,857	131,936
Other charges	469,000	469,000	133,833	335,167
Intrafund transfers	(67,500)	200,295	200,295	-
Total	<u>1,123,212</u>	<u>1,122,088</u>	<u>654,985</u>	<u>467,103</u>
Veterans Service Officer				
Salaries and employee benefits	573,291	575,510	575,510	-
Services and supplies	113,852	112,803	68,286	44,517
Total	<u>687,143</u>	<u>688,313</u>	<u>643,796</u>	<u>44,517</u>
Total Public Assistance	<u>184,014,098</u>	<u>189,724,412</u>	<u>165,040,520</u>	<u>24,683,892</u>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES, Continued:				
Education:				
Agricultural Extension Services				
Salaries and employee benefits	\$ 120,392	\$ 123,907	\$ 123,907	\$ -
Services and supplies	25,236	21,950	21,950	-
Other charges	5,000	5,000	5,000	-
Total	<u>150,628</u>	<u>150,857</u>	<u>150,857</u>	<u>-</u>
Total Education	<u>150,628</u>	<u>150,857</u>	<u>150,857</u>	<u>-</u>
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	7,217,016	7,217,016	6,876,458	340,558
Services and supplies	3,836,357	4,190,393	4,030,203	160,190
Other charges	443,801	443,801	273,006	170,795
Capital assets	360,000	392,000	62,928	329,072
Intrafund transfers	(386,649)	(386,649)	445	(387,094)
Appropriations for contingencies	-	452	-	452
Total	<u>11,470,525</u>	<u>11,857,013</u>	<u>11,243,040</u>	<u>613,973</u>
Total Recreation and Culture	<u>11,470,525</u>	<u>11,857,013</u>	<u>11,243,040</u>	<u>613,973</u>
Debt Service				
Services and supplies	165,000	165,000	107,516	57,484
Intrafund transfers	(8,428,172)	(789,779)	1,762,228	(2,552,007)
Principal	6,112,644	3,396,930	3,772,587	(375,657)
Interest	3,667,544	1,612,034	1,617,976	(5,942)
Total	<u>1,517,016</u>	<u>4,384,185</u>	<u>7,260,307</u>	<u>(2,876,122)</u>
Total Debt Service	<u>1,517,016</u>	<u>4,384,185</u>	<u>7,260,307</u>	<u>(2,876,122)</u>
Total Expenditures	<u>685,103,594</u>	<u>724,894,020</u>	<u>656,151,847</u>	<u>68,742,173</u>
REVENUES OVER (UNDER) EXPENDITURES	(14,925,630)	1,357,199	38,048,462	(100,793,083)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,705,217	5,659,423	5,677,464	18,041
Transfers Out	(26,904,282)	(46,167,584)	(40,171,772)	5,995,812
Bond proceeds	-	(10,000)	-	10,000
Lease inception	-	36,266	308,901	272,635
Total other financing sources (uses)	<u>(24,199,065)</u>	<u>(40,481,895)</u>	<u>(34,185,407)</u>	<u>6,296,488</u>
Net change in fund balance	<u>(39,124,695)</u>	<u>(39,124,696)</u>	<u>3,863,055</u>	<u>(94,496,595)</u>
Fund balance, beginning	135,549,142	135,549,142	135,549,142	135,549,142
FUND BALANCE, ENDING	<u>\$ 96,424,447</u>	<u>\$ 96,424,446</u>	<u>\$ 139,412,197</u>	<u>\$ 41,052,547</u>

**BUDGETARY COMPARISON SCHEDULE
OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 3,668,209	\$ 3,668,209	\$ 3,959,427	\$ 291,218
Use of money and property	30,750	30,750	(173,369)	(204,119)
Aid from other governments	92,044,943	101,752,536	29,580,530	(72,172,006)
Charges for services	2,822,344	2,822,344	2,395,052	(427,292)
Other	25,000	45,000	373,034	328,034
Total revenues	<u>98,591,246</u>	<u>108,318,839</u>	<u>36,134,674</u>	<u>(72,184,165)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	104,129,270	115,705,616	63,760,857	51,944,759
Interest	-	83,677	83,676	1
Total expenditures	<u>104,129,270</u>	<u>115,789,293</u>	<u>63,844,533</u>	<u>51,944,760</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,538,024)</u>	<u>(7,470,454)</u>	<u>(27,709,859)</u>	<u>(124,128,925)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,720,765	3,720,765	4,386,862	666,097
Transfers out	(500,000)	(250,000)	-	250,000
Total other financing sources (uses)	<u>3,220,765</u>	<u>3,470,765</u>	<u>4,386,862</u>	<u>916,097</u>
Net change in fund balances	<u>(2,317,259)</u>	<u>(3,999,689)</u>	<u>(23,322,997)</u>	<u>(123,212,828)</u>
Fund balance - beginning	2,400,944	2,400,944	2,400,944	-
FUND BALANCE, ENDING	<u>\$ 83,685</u>	<u>\$ (1,598,745)</u>	<u>\$ (20,922,053)</u>	<u>\$ (123,212,828)</u>

**BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Use of money and property	\$ 158,401	\$ 158,401	\$ 477,192	\$ 318,791
Aid from other governments	1,752,028	29,077,028	16,474,901	(12,602,127)
Charges for services	500,000	500,000	684,148	184,148
Other	224,400	224,400	17,177	(207,223)
Total revenues	<u>2,634,829</u>	<u>29,959,829</u>	<u>17,653,418</u>	<u>(12,306,411)</u>
EXPENDITURES:				
Current:				
Public assistance	8,301,543	37,212,413	18,010,365	19,202,048
Total expenditures	<u>8,301,543</u>	<u>37,212,413</u>	<u>18,010,365</u>	<u>19,202,048</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,666,714)</u>	<u>(7,252,584)</u>	<u>(356,947)</u>	<u>(31,508,459)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,069,182)	(1,069,182)	(122,512)	946,670
Sale of general capital assets	(400,000)	(400,000)	-	400,000
Total other financing sources (uses)	<u>(1,469,182)</u>	<u>(1,469,182)</u>	<u>(122,512)</u>	<u>1,346,670</u>
Net change in fund balances	<u>(7,135,896)</u>	<u>(8,721,766)</u>	<u>(479,459)</u>	<u>(30,161,789)</u>
Fund balance - beginning	76,650,245	76,650,245	76,650,245	-
Prior period adjustment	12,595,853	12,595,853	12,595,853	-
Fund balance - beginning, as restated	89,246,098	89,246,098	89,246,098	-
FUND BALANCE, ENDING	<u>\$ 82,110,202</u>	<u>\$ 80,524,332</u>	<u>\$ 88,766,639</u>	<u>\$ (30,161,789)</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2023
LAST 10 YEARS***

Measurement Period	Miscellaneous									
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	
Total Pension Liability										
Service Cost	\$ 29,071,891	\$ 26,758,403	\$ 24,938,175	\$ 24,139,995	\$ 24,150,259	\$ 22,555,385	\$ 20,403,352	\$ 18,761,846	\$ 19,489,676	
Interest on the Total Pension Liability	99,697,278	96,844,686	91,880,806	87,980,867	84,049,445	77,995,878	78,852,555	71,962,162	68,452,545	
Changes of Benefit Terms	0	-	-	-	-	-	-	-	-	
Changes in Assumptions Differences between Expected and Actual Experience	42,608,913	-	-	-	(7,767,870)	62,091,454	-	(16,868,274)	-	
Benefit Payments, Including Refunds of Employee Contributions	(76,914,435)	(72,485,176)	(66,769,592)	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)	
Net Change in Total Pension Liability	88,110,270	54,947,079	59,748,988	71,513,549	53,741,628	116,387,659	52,760,568	16,391,282	47,735,384	
Total Pension Liability - Beginning	1,423,555,853	1,368,608,774	1,281,589,245	1,210,075,696	1,156,334,068	1,039,946,409	987,185,841	970,794,559	923,059,175	
Prior Period Adjustment Total Pension Liability - as Restated	-	-	27,270,541	-	-	-	-	-	-	
Total Pension Liability - Ending (a)	<u>\$ 1,511,666,123</u>	<u>\$ 1,423,555,853</u>	<u>\$ 1,368,608,774</u>	<u>\$ 1,281,589,245</u>	<u>\$ 1,210,075,696</u>	<u>\$ 1,156,334,068</u>	<u>\$ 1,039,946,409</u>	<u>\$ 987,185,841</u>	<u>\$ 970,794,559</u>	
Plan Fiduciary Net Position										
Contribution - Employer	\$ 47,941,887	\$ 43,047,943	\$ 39,110,970	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079	
Contribution - Employee	11,958,088	11,872,705	11,821,856	10,979,359	10,680,415	10,534,891	9,898,794	9,264,211	8,586,012	
Net Investment Income	(85,822,849)	204,724,368	48,459,289	56,536,290	69,528,113	82,225,749	4,227,340	16,986,820	112,250,826	
Benefit Payments, Including Refunds of Employee Contributions	(76,914,435)	(72,485,176)	(66,769,592)	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)	
Net Plan to Plan Resource Movement	-	-	-	-	3,748	(61,373)	2,727	(29,360)	-	
Administrative Expenses	(710,586)	(944,765)	(1,277,475)	(621,076)	(1,297,010)	(1,092,049)	(482,672)	(855,524)	-	
Other Miscellaneous Income (Expense) ⁽¹⁾	-	-	-	2,017	(2,463,046)	-	-	-	-	
Net Change in Plan Fiduciary Net Position	(103,547,895)	186,215,075	31,345,048	38,951,248	49,067,238	68,543,511	(11,978,800)	1,891,373	99,096,080	
Plan Fiduciary Net Position - Beginning ⁽²⁾	1,132,535,062	946,319,987	895,167,097	856,215,849	807,148,611	738,605,100	750,583,900	748,692,527	649,596,447	
Prior Period Adjustment Plan Fiduciary Net Position - as Restated	-	-	19,807,842	-	-	-	-	-	-	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,028,987,167</u>	<u>\$ 1,132,535,062</u>	<u>\$ 946,319,987</u>	<u>\$ 895,167,097</u>	<u>\$ 856,215,849</u>	<u>\$ 807,148,611</u>	<u>\$ 738,605,100</u>	<u>\$ 750,583,900</u>	<u>\$ 748,692,527</u>	
Net Pension Liability - [(a) - (b)]	\$ 482,678,956	\$ 291,020,791	\$ 422,288,787	\$ 386,422,148	\$ 353,859,847	\$ 349,185,457	\$ 301,341,309	\$ 236,601,941	\$ 222,102,032	

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
 AS OF JUNE 30, 2023
 LAST 10 YEARS***

	2021/22	2020/21	2019/20	2018/19	Miscellaneous 2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.07%	79.56%	69.14%	69.85%	70.76%	69.80%	71.02%	76.03%	77.12%
Covered Payroll ⁽³⁾	\$ 175,923,248	\$ 174,373,516	\$ 165,010,030	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,450
Net Pension Liability as a Percentage of Covered Payroll	274.37%	166.90%	255.92%	248.21%	228.94%	242.53%	210.87%	182.89%	172.32%

⁽¹⁾ During Fiscal Year 2017/18, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017/18 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-22; 3.0% payroll growth for June 30, 2014-2017.

* Fiscal year 2022/23 was the 9th year of GASB Statement No. 68 implementation; therefore, only nine years are shown.

AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS*

Measurement Period	Safety									
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	
Total Pension Liability										
Service Cost	\$ 5,666,318	\$ 5,336,326	\$ 5,091,972	\$ 4,558,119	\$ 4,574,156	\$ 4,308,824	\$ 3,699,113	\$ 3,634,483	\$ 3,669,984	
Interest on the Total Pension Liability	16,747,614	16,272,917	15,446,336	13,872,701	13,301,864	12,144,727	12,245,682	10,356,153	10,663,258	
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	
Changes in Assumptions	4,807,984	-	-	-	(987,231)	10,635,917	-	(2,711,954)	-	
Differences between Expected and Actual Experience	(169,874)	1,613,751	365,539	1,607,319	3,844,045	(170,518)	(115,359)	2,154,731	-	
Benefit Payments, Including Refunds of Employee Contributions	(11,480,993)	(11,090,130)	(10,335,185)	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)	
Net Change in Total Pension Liability	15,571,049	12,132,864	10,568,662	10,780,473	11,825,817	18,445,679	7,998,672	8,382,978	8,016,276	
Total Pension Liability - Beginning	240,990,262	228,857,398	208,950,158	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539	143,500,263	
Prior Period Adjustment	-	-	9,338,578	-	-	-	-	-	-	
Total Pension Liability - as Restated	240,990,262	228,857,398	218,288,736	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539	143,500,263	
Total Pension Liability - Ending (a)	<u>\$ 256,561,311</u>	<u>\$ 240,990,262</u>	<u>\$ 228,857,398</u>	<u>\$ 208,950,158</u>	<u>\$ 198,169,685</u>	<u>\$ 186,343,868</u>	<u>\$ 167,898,189</u>	<u>\$ 159,899,517</u>	<u>\$ 151,516,539</u>	
Plan Fiduciary Net Position										
Contribution - Employer	\$ 60,247,161	\$ 7,900,517	\$ 7,088,547	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995	
Contribution - Employee	2,330,061	2,184,434	2,135,615	1,839,392	1,845,744	1,731,239	1,613,925	1,200,032	1,364,228	
Net Investment Income	(17,436,008)	35,254,179	7,472,935	8,840,214	10,848,222	12,764,280	588,970	2,087,758	17,564,582	
Benefit Payments, Including Refunds of Employee Contributions	(11,480,993)	(11,090,130)	(10,335,185)	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)	
Net Plan to Plan Resource Movement	-	-	-	-	5,196	3,626	(106,353)	-	-	
Administrative Expenses	(119,515)	(157,599)	(213,745)	(96,965)	(201,770)	(170,140)	(75,328)	(107,841)	-	
Other Miscellaneous Income (Expense) ⁽¹⁾	-	-	-	315	(383,165)	-	-	-	-	
Net Change in Plan Fiduciary Net Position	33,540,706	34,091,401	6,148,167	7,112,934	8,129,230	10,492,593	(2,077,937)	2,633,290	15,445,839	
Plan Fiduciary Net Position - Beginning ⁽²⁾	191,858,186	157,766,785	143,301,146	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036	101,565,197	
Prior Period Adjustment	-	-	8,317,472	-	-	-	-	-	-	
Total Pension Liability - as Restated	191,858,186	157,766,785	151,618,618	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036	101,565,197	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 225,398,892</u>	<u>\$ 191,858,186</u>	<u>\$ 157,766,785</u>	<u>\$ 143,301,146</u>	<u>\$ 136,188,212</u>	<u>\$ 128,058,982</u>	<u>\$ 117,566,389</u>	<u>\$ 119,644,326</u>	<u>\$ 117,011,036</u>	
Net Pension Liability - [(a) - (b)]	<u>\$ 31,162,419</u>	<u>\$ 49,132,076</u>	<u>\$ 71,090,613</u>	<u>\$ 65,649,012</u>	<u>\$ 61,981,473</u>	<u>\$ 58,284,886</u>	<u>\$ 50,331,800</u>	<u>\$ 40,255,191</u>	<u>\$ 34,505,503</u>	

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
 AS OF JUNE 30, 2023
 LAST 10 YEARS***

	2021/22	2020/21	2019/20	2018/19	Safety 2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.85%	79.61%	68.94%	68.58%	68.72%	68.72%	70.02%	74.82%	77.23%
Covered Payroll ⁽³⁾	\$ 21,251,640	\$ 21,508,771	\$ 19,318,222	\$ 18,152,606	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Net Pension Liability as a Percentage of Covered Payroll	146.64%	228.43%	368.00%	361.65%	340.48%	337.70%	305.94%	260.64%	221.17%

⁽¹⁾ During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.

* Fiscal year 2022/23 was the 9th year of GASB Statement No. 68 implementation; therefore, only nine years are shown.

AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS*

Measurement Period	Safety Sheriff								
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability									
Service Cost	\$ 6,180,206	\$ 5,589,220	\$ 5,369,171	\$ 4,665,792	\$ 4,674,676	\$ 4,330,397	\$ 3,942,199	\$ 3,490,555	\$ 3,589,667
Interest on the Total Pension Liability	16,957,037	16,035,608	15,255,279	13,603,359	12,876,163	11,690,824	11,528,363	11,193,336	9,442,627
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Changes in Assumptions	10,879,604	-	-	-	(600,321)	10,427,243	-	(2,818,825)	-
Differences between Expected and Actual Experience	(748,278)	(211,700)	518,877	2,640,793	2,605,790	1,105,968	531,702	(2,577,906)	-
Benefit Payments, Including Refunds of Employee Contributions	(11,156,038)	(9,987,419)	(9,230,726)	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
Net Change in Total Pension Liability	22,112,531	11,425,709	11,912,601	12,995,240	12,119,525	21,233,316	10,185,730	2,226,545	8,502,520
Total Pension Liability - Beginning	238,110,744	226,685,035	193,634,623	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267	126,371,747
Prior Period Adjustment	-	-	21,137,811	-	-	-	-	-	-
Total Pension Liability - as Restated	238,110,744	226,685,035	214,772,434	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267	126,371,747
Total Pension Liability - Ending (a)	<u>\$ 260,223,275</u>	<u>\$ 238,110,744</u>	<u>\$ 226,685,035</u>	<u>\$ 193,634,623</u>	<u>\$ 180,639,383</u>	<u>\$ 168,519,858</u>	<u>\$ 147,286,542</u>	<u>\$ 137,100,812</u>	<u>\$ 134,874,267</u>
Plan Fiduciary Net Position									
Contribution - Employer	\$ 73,186,382	\$ 9,350,436	\$ 8,388,407	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contribution - Employee	1,909,269	2,057,951	1,890,730	1,614,412	1,650,182	1,417,068	1,383,847	1,434,076	1,538,338
Net Investment Income	(16,837,943)	32,004,948	6,714,522	7,744,718	9,329,278	10,827,138	509,520	2,674,451	13,619,878
Benefit Payments, Including Refunds of Employee Contributions	(11,156,038)	(9,987,419)	(9,230,726)	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
Net Plan to Plan Resource Movement	-	-	-	-	(11,582)	53,634	(3,877)	-	-
Administrative Expenses	(109,147)	(141,777)	(189,407)	(84,414)	(172,445)	(141,537)	(60,831)	(133,531)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	-	-	-	274	(327,476)	-	-	-	-
Net Change in Plan Fiduciary Net Position	46,992,523	33,284,139	7,573,526	8,244,927	9,155,943	11,608,298	1,291,602	126,476	14,380,788
Plan Fiduciary Net Position - Beginning ⁽²⁾	175,212,010	141,927,871	122,444,282	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036	77,636,247
Prior Period Adjustment	-	-	11,910,063	-	-	-	-	-	-
Total Pension Liability - as Restated	175,212,010	141,927,871	134,354,345	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036	77,636,247
Plan Fiduciary Net Position - Ending (b)	<u>\$ 222,204,533</u>	<u>\$ 175,212,010</u>	<u>\$ 141,927,871</u>	<u>\$ 122,444,282</u>	<u>\$ 114,199,355</u>	<u>\$ 105,043,412</u>	<u>\$ 93,435,114</u>	<u>\$ 92,143,512</u>	<u>\$ 92,017,035</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 38,018,742</u>	<u>\$ 62,898,734</u>	<u>\$ 84,757,164</u>	<u>\$ 71,190,341</u>	<u>\$ 66,440,028</u>	<u>\$ 63,476,446</u>	<u>\$ 53,851,428</u>	<u>\$ 44,957,300</u>	<u>\$ 42,857,232</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS***

	Safety Sheriff								
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.39%	73.58%	62.61%	63.23%	63.22%	62.33%	63.44%	67.21%	68.22%
Covered Payroll ⁽³⁾	\$ 19,142,239	\$ 19,246,627	\$ 17,416,105	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,045	\$ 12,367,504
Net Pension Liability as a Percentage of Covered Payroll	198.61%	326.80%	486.66%	450.23%	426.57%	442.52%	373.12%	342.24%	346.53%

⁽¹⁾ During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.

* Fiscal year 2022/23 was the 9th year of GASB Statement No. 68 implementation; therefore, only nine years are shown.

AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS*

Measurement Period	TOTAL									
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	
Total Pension Liability										
Service Cost	\$ 40,918,415	\$ 37,683,949	\$ 35,399,318	\$ 33,363,906	\$ 33,399,091	\$ 31,194,606	\$ 28,044,664	\$ 25,886,884	\$ 26,749,327	
Interest on the Total Pension Liability	133,401,929	129,153,211	122,582,421	115,456,927	110,227,472	101,831,429	102,626,600	93,511,651	88,558,430	
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	
Changes in Assumptions Differences between Expected and Actual Experience	58,296,501	-	-	-	(9,355,422)	83,154,614	-	(22,399,053)	-	
Benefit Payments, Including Refunds of Employee Contributions	(7,271,529)	5,231,217	10,584,015	25,896,076	16,841,333	5,910,263	4,382,363	(13,624,485)	-	
Net Change in Total Pension Liability	(99,551,466)	(93,562,725)	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)	
Total Pension Liability - Beginning	125,793,850	78,505,652	82,230,251	95,289,262	77,686,970	156,066,654	70,944,970	27,000,805	64,254,180	
Prior Period Adjustment	1,902,656,859	1,824,151,207	1,684,174,026	1,588,884,764	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365	1,192,931,185	
Total Pension Liability - as Restated	-	-	57,746,930	-	-	-	-	-	-	
Total Pension Liability - Ending (a)	1,902,656,859	1,824,151,207	1,741,920,956	1,588,884,764	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365	1,192,931,185	
	<u>\$ 2,028,450,709</u>	<u>\$ 1,902,656,859</u>	<u>\$ 1,824,151,207</u>	<u>\$ 1,684,174,026</u>	<u>\$ 1,588,884,764</u>	<u>\$ 1,511,197,794</u>	<u>\$ 1,355,131,140</u>	<u>\$ 1,284,186,170</u>	<u>\$ 1,257,185,365</u>	
Plan Fiduciary Net Position										
Contribution - Employer	\$ 181,375,430	\$ 60,298,896	\$ 54,587,924	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420	
Contribution - Employee	16,197,418	16,115,090	15,848,201	14,433,163	14,176,341	13,683,198	12,896,566	11,898,319	11,488,578	
Net Investment Income	(120,096,800)	271,983,495	62,646,746	73,121,222	89,705,613	105,817,167	5,325,830	21,749,029	143,435,286	
Benefit Payments, Including Refunds of Employee Contributions	(99,551,466)	(93,562,725)	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)	
Net Plan to Plan Resource Movement	-	-	-	-	(2,638)	(4,113)	(107,503)	(29,360)	-	
Administrative Expenses	(939,248)	(1,244,141)	(1,680,627)	(802,455)	(1,671,225)	(1,403,726)	(618,831)	(1,096,896)	-	
Other Miscellaneous Income (Expense) ⁽¹⁾	-	-	-	2,606	(3,173,687)	-	-	-	-	
Net Change in Plan Fiduciary Net Position	(23,014,666)	253,590,615	45,066,741	54,309,109	66,352,411	90,644,402	(12,765,135)	4,651,139	128,922,707	
Plan Fiduciary Net Position - Beginning ⁽²⁾	1,499,605,258	1,246,014,643	1,160,912,525	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599	828,797,891	
Prior Period Adjustment	-	-	40,035,377	-	-	-	-	-	-	
Total Pension Liability - as Restated	1,499,605,258	1,246,014,643	1,200,947,902	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599	828,797,891	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,476,590,592</u>	<u>\$ 1,499,605,258</u>	<u>\$ 1,246,014,643</u>	<u>\$ 1,160,912,525</u>	<u>\$ 1,106,603,416</u>	<u>\$ 1,040,251,005</u>	<u>\$ 949,606,603</u>	<u>\$ 962,371,738</u>	<u>\$ 957,720,598</u>	
Net Pension Liability - [(a) - (b)]	<u>\$ 551,860,117</u>	<u>\$ 403,051,601</u>	<u>\$ 578,136,564</u>	<u>\$ 523,261,501</u>	<u>\$ 482,281,348</u>	<u>\$ 470,946,789</u>	<u>\$ 405,524,537</u>	<u>\$ 321,814,432</u>	<u>\$ 299,464,767</u>	

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
 AS OF JUNE 30, 2023
 LAST 10 YEARS***

	TOTAL								
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.79%	78.82%	68.31%	68.93%	69.65%	68.84%	70.07%	74.94%	76.18%
Covered Payroll ⁽³⁾	\$ 216,317,127	\$ 215,128,914	\$ 201,744,357	\$ 189,646,205	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,267	\$ 156,860,636
Net Pension Liability as a Percentage of Covered Payroll	255.12%	187.35%	286.57%	275.91%	256.07%	268.22%	233.35%	203.75%	190.91%

⁽¹⁾ During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-21; 3.0% payroll growth for June 30, 2014-2017.

* Fiscal year 2022/23 was the 9th year of GASB Statement No. 68 implementation; therefore, only nine years are shown.

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2021 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2023
LAST 10 YEARS**

	Miscellaneous									
	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 49,660,268	\$ 45,370,797	\$ 42,429,388	\$ 38,999,757	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079
Contributions in Relation to the Actuarially Determined Contribution	49,660,268	45,370,797	42,429,388	38,999,757	34,309,935	29,696,722	28,166,164	24,836,370	20,788,368	18,466,079
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 181,956,276	\$ 175,923,248	\$ 174,373,516	\$ 165,010,030	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,450
Contributions as a Percentage of Covered Payroll	27.29%	25.79%	24.33%	23.63%	22.04%	19.21%	19.56%	17.38%	16.07%	14.33%

Notes to Schedule:

Valuation date: June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.30%, previously 2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2022; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS (CONTINUED)
 AS OF JUNE 30, 2023
 LAST 10 YEARS**

	Safety									
	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 6,720,634	\$ 8,624,596	\$ 7,599,933	\$ 6,670,471	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contributions in Relation to the Actuarially Determined Contribution	6,720,634	8,624,596	7,599,933	6,670,471	5,787,644	4,922,020	4,636,859	3,731,613	4,503,776	2,833,995
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 21,907,647	\$ 21,251,640	\$ 21,508,771	\$ 19,318,222	\$ 18,152,606	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Contributions as a Percentage of Covered Payroll	30.68%	40.58%	35.33%	34.53%	31.88%	27.04%	26.87%	22.68%	29.16%	18.16%

Notes to Schedule:

Valuation date: June 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2021; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS**

	Safety Sheriff									
	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 6,418,679	\$ 9,959,735	\$ 8,762,077	\$ 7,753,959	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contributions in Relation to the Actuarially Determined Contribution	6,418,679	9,959,735	8,762,077	7,753,959	6,884,641	6,124,769	5,773,111	5,279,477	3,212,095	3,752,346
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 18,987,676	\$ 19,142,239	\$ 19,246,627	\$ 17,416,105	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,344,287	\$ 13,136,045	\$ 12,367,504
Contributions as a Percentage of Covered Payroll	33.80%	52.03%	45.53%	44.52%	43.54%	39.32%	40.25%	36.81%	24.45%	30.34%

Notes to Schedule:

Valuation date: June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2021; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS (CONTINUED)
 AS OF JUNE 30, 2023
 LAST 10 YEARS**

	TOTAL									
	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 62,799,581	\$ 63,955,128	\$ 58,791,398	\$ 53,424,187	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contributions in Relation to the Actuarially Determined Contribution	62,799,581	63,955,128	58,791,398	53,424,187	46,982,220	40,743,511	38,576,134	33,847,460	28,504,239	25,052,420
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$222,851,599	\$216,317,127	\$215,128,914	\$201,744,357	\$189,646,205	\$188,341,305	\$175,580,418	\$173,784,988	\$ 157,946,267	\$ 156,860,636
Contributions as a Percentage of Covered Payroll	28.18%	29.57%	27.33%	26.48%	24.77%	21.63%	21.97%	19.48%	18.05%	15.97%

Notes to Schedule:

Valuation date: June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2021; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2023
LAST 10 YEARS***

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Total OPEB Liability						
Service Cost	\$ 10,812,207	\$ 10,755,256	\$ 8,885,901	\$ 7,853,538	\$ 7,732,196	\$ 8,738,882
Interest	3,936,054	5,047,732	5,649,710	6,258,826	5,955,259	5,117,000
Changes of Benefit Terms	-	-	-	-	-	-
Changes in Assumptions	(41,006,803)	3,569,076	16,761,397	8,314,270	(1,276,771)	(14,014,000)
Differences between Actual and Expected Experience	-	(12,691,709)	-	(8,605,453)	-	-
Benefit Payments	(7,753,833)	(7,774,779)	(7,502,010)	(6,992,820)	(6,844,850)	(6,773,092)
Net Change in Total OPEB Liability	(34,012,375)	(1,094,426)	23,794,998	6,828,361	5,565,834	(6,931,210)
Total OPEB Liability - Beginning	198,067,559	199,161,983	175,366,985	168,538,624	162,972,790	169,904,000
Total OPEB Liability - Ending	<u>\$ 164,055,184</u>	<u>\$ 198,067,559</u>	<u>\$ 199,161,983</u>	<u>\$ 175,366,985</u>	<u>\$ 168,538,624</u>	<u>\$ 162,972,790</u>
Covered Payroll	\$ 242,721,718	\$ 230,823,941	\$ 230,343,320	\$ 213,716,345	\$ 203,044,467	\$ 195,374,299
Total OPEB Liability as a Percentage of Covered Payroll	67.59%	85.81%	86.46%	82.06%	83.01%	83.42%

* Fiscal year 17/18 was the 1st year of GASB Statement No.75 implementation.

Notes to Schedule: The label of Year refers to the measurement period, not the fiscal year.

Change in Assumptions. The accounting discount rate increased from 1.92 percent from 2021 to 3.69 percent in 2022, decreased from 2.45 percent in 2020 to 1.92 percent in 2021, decreased from 3.13 percent to 2.45 percent in 2020, 3.62 percent to 3.13 percent in 2019 and increased from 3.56 percent to 3.62 percent in 2018.

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
 SCHEDULE OF CONTRIBUTIONS
 AS OF JUNE 30, 2023
 LAST 10 YEARS***

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Actuarially Determined Contributions	\$ 7,872,181	\$ 7,778,586	\$ 7,798,262	\$ 7,526,724	\$ 7,014,009	\$ 6,873,540	\$ 6,773,092
Contributions in Relation to the Actuarially Determined Contributions	7,872,181	7,778,586	7,798,262	7,526,724	7,014,009	6,873,540	6,773,092
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$261,656,768	\$242,721,718	\$230,823,941	\$230,343,320	\$213,716,345	\$203,044,467	\$195,374,299
Contributions as a Percentage of Covered Payroll	3.01%	3.20%	3.38%	3.27%	3.28%	3.39%	3.47%

* Fiscal year 17/18 was the 1st year of GASB Statement No. 75 implementation.

Notes to Schedule:

Valuation date: June 30, 2021; June 30, 2019; June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Discount rate	1.92% in 2020-2021; 2.45% in 2019-2020; 3.13% in 2018-2019; 3.62% in 2017-18; 3.56% in 2016-17- No prefunding. Based on the Fidelity Municipal General Obligation AA 20-year bond index.
Inflation	2.50% per annum
Payroll increases	Aggregate Increases - 2.75%; Merit Increases - CalPERS 2000-2019 Experience Study
Retirement	The probabilities of retirement are based on the CalPERS 2000-2019 Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS 2000-2019 Experience Study. Post-retirement mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2021.



Other Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Use of money and property	\$ 480	\$ 480	\$ 214,544	\$ 214,064
Aid from other governments	20,940,250	21,291,659	8,633,023	(12,658,636)
Other	75,000	785,000	772,000	(13,000)
Total revenues	<u>21,015,730</u>	<u>22,077,139</u>	<u>9,619,567</u>	<u>(12,457,572)</u>
EXPENDITURES:				
Capital outlay	65,007,243	100,357,454	37,113,803	63,243,651
Total expenditures	<u>65,007,243</u>	<u>100,357,454</u>	<u>37,113,803</u>	<u>63,243,651</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(43,991,513)</u>	<u>(78,280,315)</u>	<u>(27,494,236)</u>	<u>(75,701,223)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	18,738,054	36,812,856	21,662,976	(15,149,880)
Bond proceeds	9,116,935	25,116,935	-	(25,116,935)
Total other financing sources (uses)	<u>27,854,989</u>	<u>61,929,791</u>	<u>21,662,976</u>	<u>(40,266,815)</u>
Net change in fund balance	<u>(16,136,524)</u>	<u>(16,350,524)</u>	<u>(5,831,260)</u>	<u>(115,968,038)</u>
Fund balance - beginning	13,959,670	13,959,670	13,959,670	-
FUND BALANCE, ENDING	<u>\$ (2,176,854)</u>	<u>\$ (2,390,854)</u>	<u>\$ 8,128,410</u>	<u>\$ (115,968,038)</u>

**BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 929,284	\$ 929,284
Other	-	7,638,393	-	(7,638,393)
Total revenues	-	7,638,393	929,284	(6,709,109)
EXPENDITURES:				
Current:				
Principal	-	5,185,000	10,465,000	(5,280,000)
Interest	-	2,453,393	5,234,530	(2,781,137)
Bond issuance costs	-	-	320,210	(320,210)
Fiscal charges	-	-	350	(350)
Total expenditures	-	7,638,393	16,020,090	(8,381,697)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,090,806)	1,672,588
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	14,927,976	14,927,976
Transfers out	-	-	(9,641,438)	(9,641,438)
Bond proceeds	-	10,000	17,300,000	17,290,000
Bond premiums	-	-	619,673	619,673
Total other financing sources (uses)	-	10,000	23,206,211	23,196,211
Net change in fund balances	-	10,000	8,115,405	24,868,799
Fund balance - beginning	-	-	-	-
Prior period adjustment	24,493,801	24,493,801	24,493,801	-
Fund balance - beginning, as restated	24,493,801	24,493,801	24,493,801	-
FUND BALANCE, ENDING	\$ 24,493,801	\$ 24,503,801	\$ 32,609,206	\$ 24,868,799



Combining and Individual Fund Statements and Schedules

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Non-major Special Revenue Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Special Revenue Funds:

Library Fund – The Library Fund finances library services in the unincorporated area of the County through contracts with the cities of Santa Cruz and Watsonville. Revenue is collected from property taxes in the unincorporated area of the County and from the cities of Scotts Valley and Capitola and is dedicated to the Santa Cruz County Library Joint Powers Authority for library operations.

Fire Fund – The Fire Fund provides support for coordinating fire protection and prevention activities with local fire protection agencies, County departments, and advisory bodies. Revenues consist of taxes and charges for services.

Financing Authorities – The Financing Authorities balances and transactions have been transferred and combined under the County's new Debt Service Fund for fiscal year 2023. The Debt Service Fund is reported under the Governmental Fund Financial Statements section of the Annual Comprehensive Financial Report. The new fund will report all transactions related to facilitating the County's financing.

Fish and Game Fund – The Fish and Game Fund provides for expenditures, which are used for the protection and propagation of fish and game. Revenues are from the County's share of fines collected for violations of fish and game laws.

Park Dedication and State Park Bonds Fund – The Park Dedication and State Park Bonds Fund finances park land acquisition and park development. Revenues come from development impact fees charged on new residential development and major residential remodeling.

Health Services Fund – The Health Services Fund provides for future purchases of health facilities.

Santa Cruz Flood Control and Water Conservation - Zone 7 – The Santa Cruz Flood Control and Water Conservation - Zone 7 Fund supports a special purpose district fund administered by the Department of Public Works. It is governed by an independent Board of Directors. Revenues consist largely of service charges.

Districts Governed by the Board of Supervisors: Public Protection, Health and Sanitation, Recreation and Cultural Services, and Public Ways and Facilities Funds – The Public Protection, Health and Sanitation, Recreation and Cultural Services, and Public Ways and Facilities Funds support a number of special purpose district funds administered by the Department of Public Works. Revenues consist of tax levies and service charges.

Districts Governed by the Board of Supervisors: Geologic Hazard Abatement Districts Fund – The Geologic Hazard Abatement Districts Fund provides for financing and maintaining improvements necessary or incidental to the prevention, mitigation, abatement, or control of geologic hazards.

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
ASSETS						
Cash and investments	\$ 5,503,114	\$ 11,818,488	\$ -	\$ 56,373	\$ 2,095,440	\$ 14,327
Receivables, net	-	-	-	-	448,940	-
Total assets	<u>\$ 5,503,114</u>	<u>\$ 11,818,488</u>	<u>\$ -</u>	<u>\$ 56,373</u>	<u>\$ 2,544,380</u>	<u>\$ 14,327</u>
LIABILITIES						
Accounts payables	\$ -	\$ 3,219,667	\$ -	\$ -	\$ 101,937	\$ -
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,219,667</u>	<u>-</u>	<u>-</u>	<u>101,937</u>	<u>-</u>
FUND BALANCES						
Restricted	5,503,114	8,598,821	-	56,373	2,442,443	14,327
Unassigned	-	-	-	-	-	-
Total fund balances	<u>5,503,114</u>	<u>8,598,821</u>	<u>-</u>	<u>56,373</u>	<u>2,442,443</u>	<u>14,327</u>
Total liabilities and fund balances	<u>\$ 5,503,114</u>	<u>\$ 11,818,488</u>	<u>\$ -</u>	<u>\$ 56,373</u>	<u>\$ 2,544,380</u>	<u>\$ 14,327</u>

**COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023**

Board of Supervisors Governed							Total
Santa Cruz Flood Control and Water Conservation-Zone 7	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	Special Revenue Funds	Nonmajor Special Revenue Funds
\$ 697,972	\$ 9,155,859	\$ 1,751,700	\$ 2,862,991	\$ 6,595,616	\$ 202,433	\$ 40,754,313	\$ 40,754,313
-	-	-	-	568,109	-	1,017,049	1,017,049
<u>\$ 697,972</u>	<u>\$ 9,155,859</u>	<u>\$ 1,751,700</u>	<u>\$ 2,862,991</u>	<u>\$ 7,163,725</u>	<u>\$ 202,433</u>	<u>\$ 41,771,362</u>	<u>\$ 41,771,362</u>
\$ 1,073,895	\$ 1,041,731	\$ -	\$ 2,780	\$ 274,911	\$ -	\$ 5,714,921	\$ 5,714,921
-	40,345	-	3,935	-	-	44,280	44,280
<u>1,073,895</u>	<u>1,082,076</u>	<u>-</u>	<u>6,715</u>	<u>274,911</u>	<u>-</u>	<u>5,759,201</u>	<u>5,759,201</u>
-	8,073,783	1,751,700	2,856,276	6,888,814	202,433	36,388,084	36,388,084
(375,923)	-	-	-	-	-	(375,923)	(375,923)
<u>(375,923)</u>	<u>8,073,783</u>	<u>1,751,700</u>	<u>2,856,276</u>	<u>6,888,814</u>	<u>202,433</u>	<u>36,012,161</u>	<u>36,012,161</u>
<u>\$ 697,972</u>	<u>\$ 9,155,859</u>	<u>\$ 1,751,700</u>	<u>\$ 2,862,991</u>	<u>\$ 7,163,725</u>	<u>\$ 202,433</u>	<u>\$ 41,771,362</u>	<u>\$ 41,771,362</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
REVENUES:						
Taxes	\$ 8,630,809	\$ 2,820,071	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	2,017	696	-	23,199	-	-
Use of money and property	-	216,693	-	1,245	45,793	327
Aid from other governments	113,395	127,530	-	-	89,640	-
Charges for services	-	3,327,524	-	-	430,155	-
Other	-	13,189	-	-	133,500	-
Total revenues	<u>8,746,221</u>	<u>6,505,703</u>	<u>-</u>	<u>24,444</u>	<u>699,088</u>	<u>327</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	304,960	-
Public protection	-	6,155,106	-	18,000	-	-
Public ways and facilities	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	6,520,062	-	-	-	-	-
Recreation and cultural services	-	-	-	-	6,373	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>6,520,062</u>	<u>6,155,106</u>	<u>-</u>	<u>18,000</u>	<u>311,333</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,226,159</u>	<u>350,597</u>	<u>-</u>	<u>6,444</u>	<u>387,755</u>	<u>327</u>
OTHER FINANCING SOURCES (USES):						
Transfers out	(41,009)	-	-	-	(22,446)	-
Total other financing sources (uses)	<u>(41,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,446)</u>	<u>-</u>
Net change in fund balances	2,185,150	350,597	-	6,444	365,309	327
Fund balances - beginning	3,317,964	8,248,224	24,493,801	49,929	2,077,134	14,000
Prior period adjustment	-	-	(24,493,801)	-	-	-
Fund balances - beginning as restated	<u>3,317,964</u>	<u>8,248,224</u>	<u>-</u>	<u>49,929</u>	<u>2,077,134</u>	<u>14,000</u>
Fund balances - ending	<u>\$ 5,503,114</u>	<u>\$ 8,598,821</u>	<u>\$ -</u>	<u>\$ 56,373</u>	<u>\$ 2,442,443</u>	<u>\$ 14,327</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Board of Supervisors Governed

Santa Cruz Flood Control and Water Conservation-Zone 7	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	Total Nonmajor Special Revenue Funds
\$ -	\$ 11,283,493	\$ -	\$ 2,149,997	\$ 1,181,586	\$ -	\$ 26,065,956
-	22,110	-	-	-	-	22,110
-	2,096	-	138	386	-	28,532
(7,793)	206,087	39,094	69,515	132,564	4,617	708,142
1,392,548	1,118,987	-	8,023	393,446	-	3,243,569
2,249,536	1,335,275	1,589,307	-	4,404,544	-	13,336,341
-	386,630	-	-	20,358	-	553,677
<u>3,634,291</u>	<u>14,354,678</u>	<u>1,628,401</u>	<u>2,227,673</u>	<u>6,132,884</u>	<u>4,617</u>	<u>43,958,327</u>
-	-	-	-	-	-	304,960
4,205,079	12,789,245	-	-	-	-	23,167,430
-	-	-	-	5,761,721	-	5,761,721
-	-	15,901	-	-	-	15,901
-	-	-	-	-	-	6,520,062
-	-	-	2,466,936	-	-	2,473,309
-	-	-	-	18,140	-	18,140
-	-	-	-	2,271	-	2,271
<u>4,205,079</u>	<u>12,789,245</u>	<u>15,901</u>	<u>2,466,936</u>	<u>5,782,132</u>	<u>-</u>	<u>38,263,794</u>
(570,788)	1,565,433	1,612,500	(239,263)	350,752	4,617	5,694,533
-	(800,000)	(1,522,937)	(65,535)	-	-	(2,451,927)
-	(800,000)	(1,522,937)	(65,535)	-	-	(2,451,927)
(570,788)	765,433	89,563	(304,798)	350,752	4,617	3,242,606
194,865	7,308,350	1,662,137	3,086,146	6,538,062	197,816	57,188,428
-	-	-	74,928	-	-	(24,418,873)
<u>194,865</u>	<u>7,308,350</u>	<u>1,662,137</u>	<u>3,161,074</u>	<u>6,538,062</u>	<u>197,816</u>	<u>32,769,555</u>
<u>\$ (375,923)</u>	<u>\$ 8,073,783</u>	<u>\$ 1,751,700</u>	<u>\$ 2,856,276</u>	<u>\$ 6,888,814</u>	<u>\$ 202,433</u>	<u>\$ 36,012,161</u>

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 7,839,418	\$ 8,159,290	\$ 8,630,809	\$ 471,519
Fines, forfeitures and penalties	1,000	1,000	2,017	1,017
Aid from other governments	90,000	90,000	113,395	23,395
Total revenues	<u>7,930,418</u>	<u>8,250,290</u>	<u>8,746,221</u>	<u>495,931</u>
EXPENDITURES:				
Current:				
Education	7,180,417	6,681,903	6,520,062	161,841
Total expenditures	<u>7,180,417</u>	<u>6,681,903</u>	<u>6,520,062</u>	<u>161,841</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>750,001</u>	<u>1,568,387</u>	<u>2,226,159</u>	<u>334,090</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(25,000)	(49,509)	(41,009)	8,500
Total other financing sources (uses)	<u>(25,000)</u>	<u>(49,509)</u>	<u>(41,009)</u>	<u>8,500</u>
Net change in fund balance	725,001	1,518,878	2,185,150	342,590
Fund balance - beginning	3,317,964	3,317,964	3,317,964	-
FUND BALANCE, ENDING	<u>\$ 4,042,965</u>	<u>\$ 4,836,842</u>	<u>\$ 5,503,114</u>	<u>\$ 342,590</u>

**BUDGETARY COMPARISON SCHEDULE
 FIRE SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 2,761,069	\$ 2,761,069	\$ 2,820,071	\$ 59,002
Fines, forfeitures and penalties	-	-	696	696
Use of money and property	77,670	77,670	216,693	139,023
Aid from other governments	193,098	381,639	127,530	(254,109)
Charges for services	2,973,828	2,973,828	3,327,524	353,696
Other	-	-	13,189	13,189
Total revenues	<u>6,005,665</u>	<u>6,194,206</u>	<u>6,505,703</u>	<u>311,497</u>
EXPENDITURES:				
Current:				
Public protection	10,130,580	10,310,354	6,155,106	4,155,248
Total expenditures	<u>10,130,580</u>	<u>10,310,354</u>	<u>6,155,106</u>	<u>4,155,248</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,124,915)</u>	<u>(4,116,148)</u>	<u>350,597</u>	<u>(3,843,751)</u>
Net change in fund balance	(4,124,915)	(4,116,148)	350,597	(3,843,751)
Fund balance - beginning	8,248,224	8,248,224	8,248,224	-
FUND BALANCE, ENDING	<u>\$ 4,123,309</u>	<u>\$ 4,132,076</u>	<u>\$ 8,598,821</u>	<u>\$ (3,843,751)</u>

**BUDGETARY COMPARISON SCHEDULE
FISH AND GAME SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Fines, forfeitures and penalties	\$ 12,000	\$ 12,000	\$ 23,199	\$ 11,199
Use of money and property	300	300	1,245	945
Total revenues	<u>12,300</u>	<u>12,300</u>	<u>24,444</u>	<u>12,144</u>
EXPENDITURES:				
Current:				
Public protection	18,000	18,000	18,000	-
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,700)</u>	<u>(5,700)</u>	<u>6,444</u>	<u>12,144</u>
Net change in fund balance	(5,700)	(5,700)	6,444	12,144
Fund balances - beginning	49,929	49,929	49,929	-
FUND BALANCES, ENDING	<u>\$ 44,229</u>	<u>\$ 44,229</u>	<u>\$ 56,373</u>	<u>\$ 12,144</u>

**PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 11,050	\$ 11,050	\$ 45,793	\$ 34,743
Aid from other governments	443,428	1,033,428	89,640	(943,788)
Charges for services	372,675	372,675	430,155	57,480
Other	13,500	13,500	133,500	120,000
Total revenues	<u>840,653</u>	<u>1,430,653</u>	<u>699,088</u>	<u>(731,565)</u>
EXPENDITURES:				
Current:				
General government	2,721,570	3,061,570	304,960	2,756,610
Recreation and cultural services	118,500	118,500	6,373	112,127
Total expenditures	<u>2,840,070</u>	<u>3,180,070</u>	<u>311,333</u>	<u>2,868,737</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,999,417)</u>	<u>(1,749,417)</u>	<u>387,755</u>	<u>(3,600,302)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(22,446)	(272,446)	(22,446)	250,000
Total other financing sources (uses)	<u>(22,446)</u>	<u>(272,446)</u>	<u>(22,446)</u>	<u>250,000</u>
Net change in fund balance	(2,021,863)	(2,021,863)	365,309	(3,350,302)
Fund balance - beginning	2,077,134	2,077,134	2,077,134	-
FUND BALANCE, ENDING	<u>\$ 55,271</u>	<u>\$ 55,271</u>	<u>\$ 2,442,443</u>	<u>\$ (3,350,302)</u>

**BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 327	\$ 327
Total revenues	<u>-</u>	<u>-</u>	<u>327</u>	<u>327</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>327</u>	<u>327</u>
Net change in fund balance	-	-	327	327
Fund balance - beginning	14,000	14,000	14,000	-
FUND BALANCE, ENDING	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 14,327</u>	<u>\$ 327</u>

**BUDGETARY COMPARISON SCHEDULE
 SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION - ZONE 7 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (7,793)	\$ (7,793)
Aid from other governments	2,336,739	2,336,739	1,392,548	(944,191)
Charges for services	2,249,096	2,249,096	2,249,536	440
Total revenues	<u>4,585,835</u>	<u>4,585,835</u>	<u>3,634,291</u>	<u>(951,544)</u>
EXPENDITURES:				
Current:				
Public protection	4,790,069	4,791,651	4,205,079	586,572
Total expenditures	<u>4,790,069</u>	<u>4,791,651</u>	<u>4,205,079</u>	<u>586,572</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(204,234)</u>	<u>(205,816)</u>	<u>(570,788)</u>	<u>(1,538,116)</u>
Net change in fund balance	(204,234)	(205,816)	(570,788)	(1,538,116)
Fund balance - beginning	194,865	194,865	194,865	-
FUND BALANCE, ENDING	<u>\$ (9,369)</u>	<u>\$ (10,951)</u>	<u>\$ (375,923)</u>	<u>\$ (1,538,116)</u>

**BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - PUBLIC PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Taxes	\$ 10,597,338	\$ 10,597,338	\$ 11,283,493	\$ 686,155
Licenses and permits	22,780	22,780	22,110	(670)
Fines, forfeitures and penalties	755	755	2,096	1,341
Use of money and property	42,100	42,100	206,087	163,987
Aid from other governments	1,996,098	1,996,098	1,118,987	(877,111)
Charges for services	1,376,428	1,376,428	1,335,275	(41,153)
Other	-	-	386,630	386,630
Total revenues	<u>14,035,499</u>	<u>14,035,499</u>	<u>14,354,678</u>	<u>319,179</u>
EXPENDITURES:				
Current:				
Public protection	19,892,775	20,069,549	12,789,245	7,280,304
Total expenditures	<u>19,892,775</u>	<u>20,069,549</u>	<u>12,789,245</u>	<u>7,280,304</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,857,276)</u>	<u>(6,034,050)</u>	<u>1,565,433</u>	<u>(6,961,125)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(800,000)	(800,000)	(800,000)	-
Total other financing sources (uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Net change in fund balance	<u>(6,657,276)</u>	<u>(6,834,050)</u>	<u>765,433</u>	<u>(6,961,125)</u>
Fund balance - beginning	7,308,350	7,308,350	7,308,350	-
FUND BALANCE, ENDING	<u>\$ 651,074</u>	<u>\$ 474,300</u>	<u>\$ 8,073,783</u>	<u>\$ (6,961,125)</u>

**BUDGETARY COMPARISON SCHEDULE
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - HEALTH AND SANITATION SPECIAL REVENUE
 FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Use of money and property	\$ 9,000	\$ 9,000	\$ 39,094	\$ 30,094
Charges for services	<u>1,514,794</u>	<u>1,514,794</u>	<u>1,589,307</u>	<u>74,513</u>
Total revenues	<u>1,523,794</u>	<u>1,523,794</u>	<u>1,628,401</u>	<u>104,607</u>
EXPENDITURES:				
Current:				
Health and sanitation	<u>15,911</u>	<u>15,911</u>	<u>15,901</u>	<u>10</u>
Total expenditures	<u>15,911</u>	<u>15,911</u>	<u>15,901</u>	<u>10</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,507,883</u>	<u>1,507,883</u>	<u>1,612,500</u>	<u>104,597</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,693,948)</u>	<u>(1,693,948)</u>	<u>(1,522,937)</u>	<u>171,011</u>
Total other financing sources (uses)	<u>(1,693,948)</u>	<u>(1,693,948)</u>	<u>(1,522,937)</u>	<u>171,011</u>
Net change in fund balance	(186,065)	(186,065)	89,563	275,608
Fund balance - beginning	<u>1,662,137</u>	<u>1,662,137</u>	<u>1,662,137</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,476,072</u>	<u>\$ 1,476,072</u>	<u>\$ 1,751,700</u>	<u>\$ 275,608</u>

**BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURAL SERVICES
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Taxes	\$ 1,999,779	\$ 1,999,779	\$ 2,149,997	\$ 150,218
Fines, forfeitures and penalties	-	-	138	138
Use of money and property	9,580	9,580	69,515	59,935
Aid from other governments	6,422	6,422	8,023	1,601
Total revenues	<u>2,015,781</u>	<u>2,015,781</u>	<u>2,227,673</u>	<u>211,892</u>
EXPENDITURES:				
Current:				
Recreation and cultural services	2,966,625	2,988,625	2,466,936	521,689
Total expenditures	<u>2,966,625</u>	<u>2,988,625</u>	<u>2,466,936</u>	<u>521,689</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(950,844)</u>	<u>(972,844)</u>	<u>(239,263)</u>	<u>(309,797)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(65,568)	(125,568)	(65,535)	60,033
Total other financing sources (uses)	<u>(65,568)</u>	<u>(125,568)</u>	<u>(65,535)</u>	<u>60,033</u>
Net change in fund balance	(1,016,412)	(1,098,412)	(304,798)	(249,764)
Fund balance - beginning	3,086,146	3,086,146	3,086,146	-
Prior period adjustment	74,928	74,928	74,928	-
Fund balances - beginning as restated	3,161,074	3,161,074	3,161,074	-
FUND BALANCE, ENDING	<u>\$ 2,144,662</u>	<u>\$ 2,062,662</u>	<u>\$ 2,856,276</u>	<u>\$ (249,764)</u>

**BUDGETARY COMPARISON SCHEDULE
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS-PUBLIC WAYS AND FACILITIES SPECIAL REVENUE
 FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Taxes	\$ 913,723	\$ 913,723	\$ 1,181,586	\$ 267,863
Fines, forfeitures and penalties	120	120	386	266
Use of money and property	32,571	32,571	132,564	99,993
Aid from other governments	197,048	3,086,923	393,446	(2,693,477)
Charges for services	4,424,657	4,424,657	4,404,544	(20,113)
Other	1,000	17,272	20,358	3,086
Total revenues	<u>5,569,119</u>	<u>8,475,266</u>	<u>6,132,884</u>	<u>(2,342,382)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	12,105,013	15,011,160	5,761,721	9,249,439
Debt service:				
Principal	17,090	18,141	18,140	1
Interest	3,329	2,278	2,271	7
Total expenditures	<u>12,125,432</u>	<u>15,031,579</u>	<u>5,782,132</u>	<u>9,249,447</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,556,313)</u>	<u>(6,556,313)</u>	<u>350,752</u>	<u>(11,591,829)</u>
Net change in fund balance	(6,556,313)	(6,556,313)	350,752	(11,591,829)
Fund balance - beginning	6,538,062	6,538,062	6,538,062	-
FUND BALANCE, ENDING	<u>\$ (18,251)</u>	<u>\$ (18,251)</u>	<u>\$ 6,888,814</u>	<u>\$ (11,591,829)</u>



Nonmajor Enterprise Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Boulder Creek CSA 7, Rolling Woods CSA 10, Place de Mer CSA 2, Sand Dollar Beach CSA 5, and Trestle Beach CSA 20 – These County Service Areas provide sewage collection, treatment, and disposal services to residents within each district’s area. User fees are the principal source of revenue.

Septic Tank Maintenance CSA 12 – This County Service Area provides maintenance for septic tanks in unincorporated areas of the County. User fees are the principal source of revenue.

Freedom County Sanitation District – This district provides sewage collection, treatment, and disposal services for the residents of the Freedom area. User fees are the principal source of revenue.

Davenport County Sanitation District – This district provides sewage collection, treatment, and disposal services as well as the supplying and treatment of water to Davenport, Newtown, and San Vicente. User fees and contributions from the principal commercial customer are the principal sources of revenue.

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
ASSETS				
Current assets:				
Cash and investments	\$ 49,043	\$ 996,009	\$ 69,901	\$ 321,175
Restricted cash and investments	-	-	-	-
Receivables	2,169,477	-	-	2,020
Total current assets	2,218,520	996,009	69,901	323,195
Noncurrent assets:				
Loans receivable	-	-	-	-
Capital assets:				
Construction-in-progress	227,355	-	194,805	-
Buildings and structures	6,115,267	360,778	188,209	908,969
Equipment	46,448	-	-	-
Accumulated depreciation	(677,556)	(295,853)	(153,077)	(542,795)
Capital assets, net	5,711,514	64,925	229,937	366,174
Total noncurrent assets	5,711,514	64,925	229,937	366,174
Total assets	7,930,034	1,060,934	299,838	689,369
LIABILITIES				
Current liabilities:				
Accounts payables	10,984	714	4,327	-
Due to other funds	1,050,000	-	-	-
Current portion of long-term liabilities	-	-	-	-
Accrued interest payable	-	-	-	-
Total current liabilities	1,060,984	714	4,327	-
Noncurrent liabilities:				
Long-term liabilities	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	1,060,984	714	4,327	-
NET POSITION				
Net investment in capital assets	5,711,514	64,925	229,937	366,174
Restricted for:				
Debt service	-	-	-	-
Unrestricted	1,157,536	995,295	65,574	323,195
Total net position	\$ 6,869,050	\$ 1,060,220	\$ 295,511	\$ 689,369

COMBINING STATEMENT OF NET POSITION (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2023

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 12,613	\$ 2,021,278	\$ 924,932	\$ 22,351	\$ 4,417,302
-	-	53,438	-	53,438
-	-	-	-	2,171,497
<u>12,613</u>	<u>2,021,278</u>	<u>978,370</u>	<u>22,351</u>	<u>6,642,237</u>
-	6,367	-	-	6,367
-	-	81,729	148,301	652,190
-	-	20,317,617	11,989,698	39,880,538
-	35,138	-	-	81,586
-	(34,593)	(6,151,887)	(4,096,345)	(11,952,106)
-	545	14,247,459	8,041,654	28,662,208
-	6,912	14,247,459	8,041,654	28,668,575
<u>12,613</u>	<u>2,028,190</u>	<u>15,225,829</u>	<u>8,064,005</u>	<u>35,310,812</u>
7,640	898	20,513	59,646	104,722
-	-	-	50,000	1,100,000
-	-	95,000	15,330	110,330
-	-	-	37	37
<u>7,640</u>	<u>898</u>	<u>115,513</u>	<u>125,013</u>	<u>1,315,089</u>
-	-	4,215,000	2,958	4,217,958
-	-	4,215,000	2,958	4,217,958
<u>7,640</u>	<u>898</u>	<u>4,330,513</u>	<u>127,971</u>	<u>5,533,047</u>
-	545	9,937,459	8,023,366	24,333,920
-	-	53,438	11,549	64,987
4,973	2,026,747	904,419	(98,881)	5,378,858
<u>\$ 4,973</u>	<u>\$ 2,027,292</u>	<u>\$ 10,895,316</u>	<u>\$ 7,936,034</u>	<u>\$ 29,777,765</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
OPERATING REVENUES				
Charges for services	\$ 548,793	\$ 64,843	\$ 107,400	\$ 326,713
Other	-	-	-	-
Total operating revenues	<u>548,793</u>	<u>64,843</u>	<u>107,400</u>	<u>326,713</u>
OPERATING EXPENSES:				
Services and supplies	368,618	8,619	104,683	429,388
Depreciation and amortization	<u>137,211</u>	<u>9,019</u>	<u>5,542</u>	<u>18,735</u>
Total operating expenses	<u>505,829</u>	<u>17,638</u>	<u>110,225</u>	<u>448,123</u>
Operating income (loss)	<u>42,964</u>	<u>47,205</u>	<u>(2,825)</u>	<u>(121,410)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	3,797	-	-	-
Interest and investment income	-	20,983	1,434	10,416
Property taxes	-	-	-	-
Interest expense	<u>(16,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(12,205)</u>	<u>20,983</u>	<u>1,434</u>	<u>10,416</u>
Income (loss) before capital contributions and transfers	<u>30,759</u>	<u>68,188</u>	<u>(1,391)</u>	<u>(110,994)</u>
Transfers in	-	-	-	-
Change in net position (deficit)	<u>30,759</u>	<u>68,188</u>	<u>(1,391)</u>	<u>(110,994)</u>
Net position (deficit) - beginning	6,838,291	992,032	296,902	800,363
Net position - ending	<u>\$ 6,869,050</u>	<u>\$ 1,060,220</u>	<u>\$ 295,511</u>	<u>\$ 689,369</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 82,543	\$ 2,124,269	\$ 1,316,750	\$ 563,868	\$ 5,135,179
-	-	77,993	222	78,215
<u>82,543</u>	<u>2,124,269</u>	<u>1,394,743</u>	<u>564,090</u>	<u>5,213,394</u>
80,518	1,529,477	855,247	586,436	3,962,986
-	2,181	517,770	304,246	994,704
<u>80,518</u>	<u>1,531,658</u>	<u>1,373,017</u>	<u>890,682</u>	<u>4,957,690</u>
2,025	592,611	21,726	(326,592)	255,704
-	-	71,977	6,017	81,791
218	41,317	37,550	1,717	113,635
-	-	-	52,584	52,584
-	-	(49,545)	(781)	(66,328)
<u>218</u>	<u>41,317</u>	<u>59,982</u>	<u>59,537</u>	<u>181,682</u>
2,243	633,928	81,708	(267,055)	437,386
-	-	-	92,964	92,964
<u>2,243</u>	<u>633,928</u>	<u>81,708</u>	<u>(174,091)</u>	<u>530,350</u>
2,730	1,393,364	10,813,608	8,110,125	29,247,415
<u>\$ 4,973</u>	<u>\$ 2,027,292</u>	<u>\$ 10,895,316</u>	<u>\$ 7,936,034</u>	<u>\$ 29,777,765</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 548,793	\$ 64,843	\$ 107,400	\$ 325,993
Payments to suppliers for goods and services	(1,060,143)	(8,899)	(108,671)	(430,457)
Other receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>(511,350)</u>	<u>55,944</u>	<u>(1,271)</u>	<u>(104,464)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Loans receivable	-	-	-	-
Due to other funds	995,575	-	-	-
Matured interest payable	-	-	-	-
Intergovernmental receipts	3,797	-	-	-
Property taxes	-	-	-	-
Transfers from other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>999,372</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(422,977)	-	6,181	-
Principal paid on lease agreements	-	-	-	-
Interest paid on capital debt	(16,002)	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(438,979)</u>	<u>-</u>	<u>6,181</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	20,983	1,434	10,416
Net cash provided by investing activities	<u>-</u>	<u>20,983</u>	<u>1,434</u>	<u>10,416</u>
Net increase (decrease) in cash cash and cash equivalents	49,043	76,927	6,344	(94,048)
Cash and cash equivalents at beginning of year	-	919,082	63,557	415,223
Cash and cash equivalents at end of year	<u>\$ 49,043</u>	<u>\$ 996,009</u>	<u>\$ 69,901</u>	<u>\$ 321,175</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 82,543	\$ 2,274,918	\$ 1,316,750	\$ 563,868	\$ 5,285,108
(74,536)	(1,742,510)	(858,935)	(551,697)	(4,835,848)
-	-	77,993	222	78,215
<u>8,007</u>	<u>532,408</u>	<u>535,808</u>	<u>12,393</u>	<u>527,475</u>
-	1,781	-	-	1,781
-	-	-	50,000	1,045,575
-	-	-	(31)	(31)
-	-	71,977	6,017	81,791
-	-	-	52,584	52,584
-	-	-	92,964	92,964
<u>-</u>	<u>1,781</u>	<u>71,977</u>	<u>201,534</u>	<u>1,274,664</u>
-	-	(794,476)	(224,943)	(1,436,215)
-	-	(94,000)	(14,917)	(108,917)
-	-	(49,545)	(781)	(66,328)
<u>-</u>	<u>-</u>	<u>(938,021)</u>	<u>(240,641)</u>	<u>(1,611,460)</u>
218	41,317	37,550	1,717	113,635
<u>218</u>	<u>41,317</u>	<u>37,550</u>	<u>1,717</u>	<u>113,635</u>
8,225	575,506	(292,686)	(24,997)	304,314
4,388	1,445,772	1,271,056	47,348	4,166,426
<u>\$ 12,613</u>	<u>\$ 2,021,278</u>	<u>\$ 978,370</u>	<u>\$ 22,351</u>	<u>\$ 4,470,740</u>

(Continued)

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 42,964	\$ 47,205	\$ (2,825)	\$ (121,410)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	137,211	9,019	5,542	18,735
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	-	(720)
Increase (decrease) in:				
Payables	(691,525)	(280)	(3,988)	(1,069)
Total adjustments	(554,314)	8,739	1,554	16,946
Net cash provided (used) by operating activities	<u>\$ (511,350)</u>	<u>\$ 55,944</u>	<u>\$ (1,271)</u>	<u>\$ (104,464)</u>
Reconciliation of cash and cash equivalents to the				
Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 49,043	\$ 996,009	\$ 69,901	\$ 321,175
Restricted cash per Statement of				
Net Position	-	-	-	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ 49,043</u>	<u>\$ 996,009</u>	<u>\$ 69,901</u>	<u>\$ 321,175</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 2,025	\$ 592,611	\$ 21,726	\$ (326,592)	\$ 255,704
-	2,181	517,770	304,246	994,704
-	150,649	-	-	149,929
5,982	(213,033)	(3,688)	34,739	(872,862)
5,982	(60,203)	514,082	338,985	271,771
<u>\$ 8,007</u>	<u>\$ 532,408</u>	<u>\$ 535,808</u>	<u>\$ 12,393</u>	<u>\$ 527,475</u>
\$ 12,613	\$ 2,021,278	\$ 924,932	\$ 22,351	\$ 4,417,302
-	-	53,438	-	53,438
<u>\$ 12,613</u>	<u>\$ 2,021,278</u>	<u>\$ 978,370</u>	<u>\$ 22,351</u>	<u>\$ 4,470,740</u>



Internal Service Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Central Duplicating Fund – The Central Duplicating Fund accounts for the County print shop, copy center, and mail room.

Information Services Fund – The Information Services Fund accounts for data processing and telecommunications services provided to County departments.

Public Works Fund – The Public Works Fund accounts for such County functions as construction and maintenance of the County road system and management of certain special districts and other related activities.

Service Center Fund – The Service Center Fund accounts for the maintenance of the County fleet of vehicles and for related services to other County departments.

Self-Insurance Funds – The Self-Insurance Funds account for the County's self-insured risk management, dental and health insurance, liability and property insurance, workers' compensation insurance, employee benefit staffing, and State unemployment insurance program.

COMBINING STATEMENT OF NET POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
JUNE 30, 2023

	Central Duplicating	Information Services	Public Works	Service Center
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 5,886,494	\$ 4,063,874	\$ 3,505,880
Receivables	-	172,997	268,276	-
Due from other funds	-	-	12,400,000	-
Deposits with others	-	-	-	-
Inventory	-	-	513,526	24,520
Prepaid items	-	7,498	-	-
Advances to other funds	-	-	-	-
Total current assets	-	6,066,989	17,245,676	3,530,400
Capital assets:				
Land	-	-	62,914	34,173
Construction-in-progress	-	101,320	59,030	-
Buildings and structures	-	254,751	3,763,947	445,586
Equipment	-	13,980,718	12,888,687	15,500,199
Subscription based information technology	-	3,194,334	-	-
Accumulated depreciation	-	(11,174,636)	(11,477,345)	(11,055,759)
Capital assets, net	-	6,356,487	5,297,233	4,924,199
Total assets	-	12,423,476	22,542,909	8,454,599
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	-	3,947,982	14,552,785	206,005
Deferred OPEB	-	475,593	2,328,428	29,725
Total deferred outflows of resources	-	4,423,575	16,881,213	235,730
LIABILITIES				
Current liabilities:				
Accounts payables	-	393,845	803,111	56,200
Accrued salaries and benefits payable	-	167,479	683,900	9,172
Deposits payable	-	-	1,357,915	-
Due to other funds	-	-	-	-
Lease payable	-	1,221,642	3,134	68,154
Claims liabilities	-	-	-	-
Compensated absences, due within one year	-	742,018	2,922,068	34,420
Accrued interest payable	-	60,335	38	3,616
Total current liabilities	-	2,585,319	5,770,166	171,562
Noncurrent liabilities:				
Lease payable	-	2,311,272	1,697	320,969
Claims liability	-	-	-	-
Compensated absences, due in more than one year	-	523,253	1,124,854	-
Total OPEB liability	-	3,348,065	16,391,568	209,254
Net pension liability	-	12,563,477	46,310,644	655,559
Total noncurrent liabilities	-	18,746,067	63,828,763	1,185,782
Total liabilities	-	21,331,386	69,598,929	1,357,344
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	-	118,794	437,889	6,199
Deferred OPEB	-	1,012,370	4,956,395	63,273
Total deferred inflows of resources	-	1,131,164	5,394,284	69,472
NET POSITION (DEFICIT)				
Net investment in capital assets	-	2,823,573	5,292,402	4,535,076
Restricted for:				
Debt service	-	-	-	-
Unrestricted	-	(8,439,072)	(40,861,493)	2,728,437
Total net position (deficit)	\$ -	\$ (5,615,499)	\$ (35,569,091)	\$ 7,263,513

COMBINING STATEMENT OF NET POSITION (DEFICIT) (CONTINUED)
INTERNAL SERVICE FUNDS
JUNE 30, 2023

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Self-Insurance			State Unemployment Insurance Program	Total
			Workers' Compensation Insurance	Employee Benefit Staffing			
\$ 762,027	\$ 1,451,627	\$ 7,757,178	\$ 19,871,086	\$ 726,352	\$ 31	\$ 44,024,549	
-	50,458	-	-	-	-	491,731	
-	-	-	75,845	-	-	12,475,845	
-	-	-	459,787	-	-	459,787	
-	5,119	-	-	-	-	538,046	
-	-	-	-	-	-	12,617	
-	-	-	3,231,747	-	-	3,231,747	
<u>762,027</u>	<u>1,507,204</u>	<u>7,757,178</u>	<u>23,638,465</u>	<u>726,352</u>	<u>31</u>	<u>61,234,322</u>	
-	-	-	-	-	-	97,087	
-	-	-	-	-	-	160,350	
-	-	-	-	-	-	4,464,284	
16,605	-	-	-	-	-	42,386,209	
(16,605)	-	-	-	-	-	3,194,334	
-	-	-	-	-	-	(33,724,345)	
<u>762,027</u>	<u>1,507,204</u>	<u>7,757,178</u>	<u>23,638,465</u>	<u>726,352</u>	<u>31</u>	<u>77,812,241</u>	
546,133	-	-	-	164,248	-	19,417,153	
89,174	-	-	-	29,725	-	2,952,645	
<u>635,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,973</u>	<u>-</u>	<u>22,369,798</u>	
5,153	94,716	936,245	561,167	104	-	2,850,541	
19,393	-	-	-	9,638	-	889,582	
-	-	-	-	-	-	1,357,915	
-	-	-	-	-	75,845	75,845	
-	-	-	-	-	-	1,292,930	
-	379,130	5,733,000	5,474,000	-	140,699	11,726,829	
76,562	-	-	-	23,884	-	3,798,952	
-	-	-	-	-	-	63,989	
<u>101,108</u>	<u>473,846</u>	<u>6,669,245</u>	<u>6,035,167</u>	<u>33,626</u>	<u>216,544</u>	<u>22,056,583</u>	
-	-	-	-	-	-	2,633,938	
-	-	16,468,000	29,453,000	-	-	45,921,000	
166,407	-	-	-	62,032	-	1,876,546	
627,762	-	-	-	209,254	-	20,785,903	
1,737,932	-	-	-	522,678	-	61,790,290	
2,532,101	-	16,468,000	29,453,000	793,964	-	133,007,677	
<u>2,633,209</u>	<u>473,846</u>	<u>23,137,245</u>	<u>35,488,167</u>	<u>827,590</u>	<u>216,544</u>	<u>155,064,260</u>	
16,433	-	-	-	4,942	-	584,257	
189,819	-	-	-	63,273	-	6,285,130	
<u>206,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,215</u>	<u>-</u>	<u>6,869,387</u>	
-	-	-	-	-	-	12,651,051	
-	-	-	459,787	-	-	459,787	
(1,442,127)	1,033,358	(15,380,067)	(12,309,489)	24,520	(216,513)	(74,862,446)	
<u>\$ (1,442,127)</u>	<u>\$ 1,033,358</u>	<u>\$ (15,380,067)</u>	<u>\$ (11,849,702)</u>	<u>\$ 24,520</u>	<u>\$ (216,513)</u>	<u>\$ (61,751,608)</u>	

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Central Duplicating	Information Services	Public Works	Service Center
OPERATING REVENUES:				
Charges for services	\$ 374,093	\$ 14,107,276	\$ 54,080,195	\$ 4,037,749
Other revenues	-	3,595	5,688	92,513
Total operating revenues	<u>374,093</u>	<u>14,110,871</u>	<u>54,085,883</u>	<u>4,130,262</u>
OPERATING EXPENSES:				
Salaries and employee benefits	158,229	6,219,591	24,842,227	275,010
Services and supplies	265,277	4,745,697	14,454,698	1,928,312
Insurance and compensation claims	-	-	-	-
Depreciation and amortization	20,555	2,347,421	659,620	1,317,048
Total operating expenses	<u>444,061</u>	<u>13,312,709</u>	<u>39,956,545</u>	<u>3,520,370</u>
Operating income (loss)	<u>(69,968)</u>	<u>798,162</u>	<u>14,129,338</u>	<u>609,892</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	161,720	28,360	-
Interest and investment income	-	-	55,344	-
Gain on disposal of capital assets	-	-	-	53,991
Loss on disposal of capital assets	-	-	-	(16,905)
Interest expense	-	(72,771)	(764)	(31,447)
Other nonoperating revenue	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>88,949</u>	<u>82,940</u>	<u>5,639</u>
Income (loss) before capital contributions and transfers	<u>(69,968)</u>	<u>887,111</u>	<u>14,212,278</u>	<u>615,531</u>
Transfers in	424,783	156,075	350,436	268,076
Transfers out	-	(509,907)	-	-
Change in net position (deficit)	<u>354,815</u>	<u>533,279</u>	<u>14,562,714</u>	<u>883,607</u>
Net position (deficit) - beginning	(354,815)	(6,141,906)	(50,131,805)	6,379,906
Prior period adjustment	-	(6,872)	-	-
Net position (deficit) - beginning as restated	<u>(354,815)</u>	<u>(6,148,778)</u>	<u>(50,131,805)</u>	<u>6,379,906</u>
Net position (deficit) - ending	<u>\$ -</u>	<u>\$ (5,615,499)</u>	<u>\$ (35,569,091)</u>	<u>\$ 7,263,513</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 2,219,710	\$ 8,192,388	\$ 11,397,166	\$ 8,512,553	\$ 1,362,319	\$ 399,999	\$ 104,683,448
-	589	2,729	84	-	-	105,198
<u>2,219,710</u>	<u>8,192,977</u>	<u>11,399,895</u>	<u>8,512,637</u>	<u>1,362,319</u>	<u>399,999</u>	<u>104,788,646</u>
938,422	-	-	-	380,370	-	32,813,849
508,981	6,674,815	9,043,837	6,476,912	828,054	302,923	45,229,506
-	1,983,173	6,153,441	2,506,585	-	548,904	11,192,103
-	-	-	-	-	-	4,344,644
<u>1,447,403</u>	<u>8,657,988</u>	<u>15,197,278</u>	<u>8,983,497</u>	<u>1,208,424</u>	<u>851,827</u>	<u>93,580,102</u>
<u>772,307</u>	<u>(465,011)</u>	<u>(3,797,383)</u>	<u>(470,860)</u>	<u>153,895</u>	<u>(451,828)</u>	<u>11,208,544</u>
-	48,221	-	-	-	-	238,301
6,762	75,675	(37,368)	565,460	17,273	12,188	695,334
-	-	-	-	-	-	53,991
-	-	-	-	-	-	(16,905)
-	-	-	-	-	-	(104,982)
-	-	-	135,290	-	-	135,290
<u>6,762</u>	<u>123,896</u>	<u>(37,368)</u>	<u>700,750</u>	<u>17,273</u>	<u>12,188</u>	<u>1,001,029</u>
779,069	(341,115)	(3,834,751)	229,890	171,168	(439,640)	12,209,573
11,506	-	8,331,769	-	3,835	-	9,546,480
-	(3,397,166)	-	-	-	-	(3,907,073)
<u>790,575</u>	<u>(3,738,281)</u>	<u>4,497,018</u>	<u>229,890</u>	<u>175,003</u>	<u>(439,640)</u>	<u>17,848,980</u>
(2,232,702)	4,771,639	(19,877,085)	(12,079,592)	(150,483)	223,127	(79,593,716)
-	-	-	-	-	-	(6,872)
<u>(2,232,702)</u>	<u>4,771,639</u>	<u>(19,877,085)</u>	<u>(12,079,592)</u>	<u>(150,483)</u>	<u>223,127</u>	<u>(79,600,588)</u>
<u>\$ (1,442,127)</u>	<u>\$ 1,033,358</u>	<u>\$ (15,380,067)</u>	<u>\$ (11,849,702)</u>	<u>\$ 24,520</u>	<u>\$ (216,513)</u>	<u>\$ (61,751,608)</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Central Duplicating	Information Services	Public Works	Service Center
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 374,286	\$ 13,934,279	\$ 54,195,737	\$ 4,037,749
Payments to suppliers for goods and services	(265,277)	(4,958,186)	(14,322,763)	(1,904,689)
Payments to employees for salaries and benefits	(604,256)	(8,474,531)	(35,749,885)	(437,640)
Payments for judgments and claims	-	-	-	-
Other receipts	-	3,595	5,688	92,513
Net cash provided (used) by operating activities	<u>(495,247)</u>	<u>505,157</u>	<u>4,128,777</u>	<u>1,787,933</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental receipts	-	161,720	28,360	-
Due from other funds	-	-	(4,173,343)	-
Due to other funds	-	-	-	-
Transfers from other funds	424,783	156,075	350,436	268,076
Transfers to other funds	-	(509,907)	-	-
Net cash provided (used) by noncapital financing activities	<u>424,783</u>	<u>(192,112)</u>	<u>(3,794,547)</u>	<u>268,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(63,630)	-
Acquisition of equipment	-	(1,014,891)	(2,103,353)	(1,595,464)
Insurance proceeds	-	-	-	-
Principal paid on lease agreements	-	(1,305,917)	(4,837)	(37,417)
Interest payable	-	60,335	(71)	3,616
Interest expense	-	(72,771)	(764)	(31,447)
Proceeds from sale of capital assets	-	-	-	62,992
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(2,333,244)</u>	<u>(2,172,655)</u>	<u>(1,597,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	55,344	-
Net increase (decrease) in cash cash and cash equivalents	<u>(70,464)</u>	<u>(2,020,199)</u>	<u>(1,783,081)</u>	<u>458,289</u>
Cash and cash equivalents at beginning of year	70,464	7,906,693	5,846,955	3,047,591
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 5,886,494</u>	<u>\$ 4,063,874</u>	<u>\$ 3,505,880</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Self-Insurance

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ 2,219,710	\$ 8,180,134	\$ 11,397,166	\$ 8,512,553	\$ 1,362,319	\$ 399,999	\$ 104,613,932
(506,368)	(7,389,152)	(13,234,087)	(5,991,259)	(829,371)	(302,923)	(49,704,075)
(1,178,915)	-	-	-	(418,781)	-	(46,864,008)
-	(1,971,474)	(961,441)	(2,768,585)	-	(549,423)	(6,250,923)
-	589	2,729	84	-	-	105,198
534,427	(1,179,903)	(2,795,633)	(247,207)	114,167	(452,347)	1,900,124
-	48,221	-	-	-	-	238,301
-	-	-	485,620	-	-	(3,687,723)
-	-	-	-	-	75,845	75,845
11,507	-	8,331,769	-	3,835	-	9,546,481
-	(3,397,166)	-	-	-	-	(3,907,073)
11,507	(3,348,945)	8,331,769	485,620	3,835	75,845	2,265,831
-	-	-	-	-	-	(63,630)
-	-	-	-	-	-	(4,713,708)
-	-	-	135,290	-	-	135,290
-	-	-	-	-	-	(1,348,171)
-	-	-	-	-	-	63,880
-	-	-	-	-	-	(104,982)
-	-	-	-	-	-	62,992
-	-	-	135,290	-	-	(5,968,329)
6,762	75,675	(37,368)	565,460	17,273	12,188	695,334
552,696	(4,453,173)	5,498,768	939,163	135,275	(364,314)	(1,107,040)
209,331	5,904,800	2,258,410	18,931,923	591,077	364,345	45,131,589
\$ 762,027	\$ 1,451,627	\$ 7,757,178	\$ 19,871,086	\$ 726,352	\$ 31	\$ 44,024,549

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Central Duplicating	Information Services	Public Works	Service Center
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (69,968)	\$ 798,162	\$ 14,129,338	\$ 609,892
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	20,555	2,347,421	659,620	1,317,048
Changes in assets and liabilities:				
Receivables	193	(172,997)	(86,759)	-
Inventory	-	-	17,022	(4,076)
Prepaid items	-	(7,498)	-	-
Payables	-	(204,991)	114,913	27,699
Deposits payable	-	-	202,301	-
Claims liabilities	-	-	-	-
Accrued salaries and benefits	(446,027)	(2,254,940)	(10,907,658)	(162,630)
Total adjustments	(425,279)	(293,005)	(10,000,561)	1,178,041
Net cash provided (used) by operating activities	<u>\$ (495,247)</u>	<u>\$ 505,157</u>	<u>\$ 4,128,777</u>	<u>\$ 1,787,933</u>
Schedule of non-cash capital and related financing activities:				
Purchase of capital assets on account	\$ -	\$ 1,437,094	\$ -	\$ 426,540

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 772,307	\$ (465,011)	\$ (3,797,383)	\$ (470,860)	\$ 153,895	\$ (451,828)	\$ 11,208,544
-	-	-	-	-	-	4,344,644
-	(12,254)	-	-	-	-	(271,817)
-	-	-	-	-	-	12,946
-	(5,118)	-	-	-	-	(12,616)
2,613	(709,219)	(4,190,250)	485,653	(1,317)	-	(4,474,899)
-	-	-	-	-	-	202,301
-	11,699	5,192,000	(262,000)	-	(519)	4,941,180
(240,493)	-	-	-	(38,411)	-	(14,050,159)
(237,880)	(714,892)	1,001,750	223,653	(39,728)	(519)	(9,308,420)
\$ 534,427	\$ (1,179,903)	\$ (2,795,633)	\$ (247,207)	\$ 114,167	\$ (452,347)	\$ 1,900,124
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,863,634



Fiduciary Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



Custodial Funds

Unapportioned Collections - The Unapportioned Collections Fund is used to account for property taxes receivable, amounts which are impounded because of disputes or litigation, as well as amounts held pending authority for apportionment.

Other Custodial Funds – Custodial Funds are used to account for assets which are held for other governmental agencies or individuals by the County in a custodial capacity.

Private-Purpose Trust Funds

Public Guardian - The Public Guardian Fund is used to account for assets which are held in trust for Santa Cruz County Residents who, as a result of a disability, have lost the ability to care for themselves and have no one else willing and able to care for them.

Redevelopment Successor Agency - The Redevelopment Successor Agency accounts for assets held by the County in a trust to wind down the affairs of the former Redevelopment Agency.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023**

	Unapportioned Collections	Other Custodial Funds	Total
ASSETS			
Cash and cash equivalents	\$ 8,294,172	\$ 36,377,851	\$ 44,672,023
Restricted cash with fiscal agents	-	347,671	347,671
Receivables:			
Taxes for other governments	13,044,309	-	13,044,309
Total assets	21,338,481	36,725,522	58,064,003
LIABILITIES			
Accounts payable and other liabilities	15,493,855	5,933,369	21,427,224
Other liabilities	208,200	235,457	443,657
Total liabilities	15,702,055	6,168,826	21,870,881
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	5,636,426	30,556,696	36,193,122
Total net position	\$ 5,636,426	\$ 30,556,696	\$ 36,193,122

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Unapportioned Collections	Other Custodial Funds	Total
ADDITIONS			
Gifts and bequests	\$ -	\$ 84	\$ 84
Interest, dividends and other	408,955	443,741	852,696
Tax collections	741,042,903	131,568,270	872,611,173
Other contributions	1,716,182	41,607,644	43,323,826
Total additions	<u>743,168,040</u>	<u>173,619,739</u>	<u>916,787,779</u>
DEDUCTIONS			
Administrative expenses	10,132	85,802	95,934
Payments to other local governments	20,079,822	43,193,419	63,273,241
Payments of taxes to other local governments	721,623,831	18,028,640	739,652,471
Interest expense	26,667	658	27,325
Distributions from pooled investments	6,079,669	117,140,001	123,219,670
Total deductions	<u>747,820,121</u>	<u>178,448,520</u>	<u>926,268,641</u>
Net increase in fiduciary net position	(4,652,081)	(4,828,781)	(9,480,862)
Net position - beginning	10,288,507	35,385,477	45,673,984
Net position - ending	<u>\$ 5,636,426</u>	<u>\$ 30,556,696</u>	<u>\$ 36,193,122</u>

COMBINING STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2023

	Public Guardian	Redevelopment Successor Agency	Total
ASSETS			
Cash and cash equivalents	\$ 1,096,737	\$ 13,699,558	\$ 14,796,295
Restricted cash with fiscal agents	-	5,625	5,625
Prepaid expenses	-	1,023,929	1,023,929
Receivables:			
Receivables	-	1,200	1,200
Nondepreciable capital assets	-	7,425,950	7,425,950
Total assets	<u>1,096,737</u>	<u>22,156,262</u>	<u>23,252,999</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	-	203,775	203,775
Total deferred outflows of resources	<u>-</u>	<u>203,775</u>	<u>203,775</u>
LIABILITIES			
Accounts payable and other liabilities	-	9,327	9,327
Interest payable	-	2,424,694	2,424,694
Other liabilities	-	171,503,381	171,503,381
Total liabilities	<u>-</u>	<u>173,937,402</u>	<u>173,937,402</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding of debt	-	828,917	828,917
Total deferred inflows of resources	<u>-</u>	<u>828,917</u>	<u>828,917</u>
NET POSITION (DEFICIT)			
Restricted for:			
Individuals, organizations and other governments	1,096,737	(152,406,282)	(151,309,545)
Total net position (deficit)	<u>\$ 1,096,737</u>	<u>\$ (152,406,282)</u>	<u>\$ (151,309,545)</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Guardian	Redevelopment Successor Agency	Total
ADDITIONS			
Interest, dividends and other	\$ 43,835	\$ 347,158	\$ 390,993
Tax collections	-	14,017,252	14,017,252
Other contributions	214,103	242,756	456,859
Total additions	<u>257,938</u>	<u>14,607,166</u>	<u>14,865,104</u>
DEDUCTIONS			
Beneficiary payments to individuals	866,266	-	866,266
Administrative expenses	-	282,688	282,688
Interest expense	3,701	5,964,590	5,968,291
Other deductions	-	299,712	299,712
Total deductions	<u>869,967</u>	<u>6,546,990</u>	<u>7,416,957</u>
Net increase in fiduciary net position (deficit)	(612,029)	8,060,176	7,448,147
Net position (deficit) - beginning	1,708,766	(160,466,458)	(158,757,692)
Net position (deficit) - ending	<u>\$ 1,096,737</u>	<u>\$ (152,406,282)</u>	<u>\$ (151,309,545)</u>



Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

TABLE OF CONTENTS

STATISTICAL SECTION

This part of the County of Santa Cruz’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Contents	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	211
Revenue Capacity	
These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	216
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County’s current level of outstanding debt and the County’s ability to issue additional debt in the future.	220
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	224
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	229

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Reported in Thousands)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 642,444	\$ 631,244	\$ 601,792	\$ 567,960	\$ 546,806	\$ 509,726	\$ 476,456	\$ 468,999	\$ 484,646	\$ 439,466
Restricted	108,582	150,199	125,373	132,070	66,391	55,333	57,360	63,880	55,856	75,773
Unrestricted	(534,673)	(606,264)	(613,189)	(603,792)	(471,054)	(423,493)	(396,329) ⁽¹⁾	(374,141)	(399,332)	(72,239)
Total governmental activities net position	<u>\$ 216,353</u>	<u>\$ 175,179</u>	<u>\$ 113,976</u>	<u>\$ 96,238</u>	<u>\$ 142,143</u>	<u>\$ 141,566</u>	<u>\$ 137,487</u>	<u>\$ 158,738</u>	<u>\$ 141,170</u>	<u>\$ 443,000</u>
Business-type activities										
Net investment in capital assets	\$ 32,266	\$ 31,920	\$ 30,575	\$ 24,395	\$ 24,615	\$ 21,690	\$ 20,724	\$ 28,466	\$ 28,585	\$ 24,033
Restricted	14,986	534	566	43	43	634	381	390	260	476
Unrestricted	3,616	11,231	10,554	328	1,304	3,255	2,062	(1,962)	3,620	8,130
Total business-type activities net position	<u>\$ 50,868</u>	<u>\$ 43,685</u>	<u>\$ 41,695</u>	<u>\$ 24,766</u>	<u>\$ 25,962</u>	<u>\$ 25,579</u>	<u>\$ 23,167</u>	<u>\$ 26,894</u>	<u>\$ 32,465</u>	<u>\$ 32,639</u>
Total primary government										
Net investment in capital assets	\$ 674,710	\$ 663,164	\$ 632,367	\$ 592,355	\$ 571,421	\$ 531,416	\$ 497,180	\$ 497,465	\$ 513,231	\$ 463,499
Restricted	123,568	150,733	125,939	132,113	66,434	55,967	57,740	64,270	56,116	76,249
Unrestricted	(531,057)	(595,033)	(602,635)	(603,464)	(469,750)	(420,238)	(394,267)	(376,103)	(395,712)	(64,109)
Total primary government net position	<u>\$ 267,221</u>	<u>\$ 218,864</u>	<u>\$ 155,671</u>	<u>\$ 121,004</u>	<u>\$ 168,105</u>	<u>\$ 167,145</u>	<u>\$ 160,653</u>	<u>\$ 185,632</u>	<u>\$ 173,635</u>	<u>\$ 475,639</u>

⁽¹⁾ The 2017 reported unrestricted balances have been restated due to the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

GOVERNMENT-WIDE CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Reported in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General government	\$ 81,907	\$ 42,187	\$ 50,868	\$ 49,370	\$ 42,773	\$ 39,812	\$ 43,566	\$ 35,068	\$ 33,544	\$ 25,451
Public protection	222,982	201,256	223,651	207,831	195,327	177,636	157,415	141,370	131,718	133,932
Public ways and facilities	31,112	30,783	43,683	31,139	27,258	29,193	24,716	28,271	32,900	18,961
Health and sanitation	226,021	195,858	197,848	179,330	154,536	141,327	123,519	114,209	108,999	108,571
Public assistance	191,422	179,814	205,806	160,348	144,066	132,801	129,000	126,834	116,902	112,840
Education	7,525	6,305	6,099	5,757	5,996	5,884	5,746	6,005	5,537	4,915
Recreation and cultural services	15,068	11,452	11,485	12,182	11,772	11,549	10,784	8,900	7,202	6,870
Interest on long-term debt	11,757	4,760	1,890	3,270	2,157	1,746	2,210	2,764	3,307	8,126
Total governmental activities expenses	787,794	672,415	741,330	649,227	583,885	539,948	496,956	463,421	440,109	419,666
Business-type activities:										
County Disposal Sites										
CSA 9C	18,515	22,816	16,217	19,393	17,873	14,859	13,283	12,018	11,785	11,464
Boulder Creek CSA 7	464	467	428	419	542	401	308	362	332	310
Rolling Woods CSA 10	16	28	29	17	21	31	32	15	12	14
Septic Tank Maintenance										
CSA 12	1,532	1,426	1,555	1,328	1,124	923	1,016	1,090	1,058	1,114
Freedom County										
Sanitation District	1,289	1,183	1,175	1,206	766	1,123	1,090	808	965	607
Davenport County										
Sanitation District	800	833	1,127	810	551	581	556	518	656	557
Place de Mer CSA 2	94	124	234	176	164	157	30	38	50	23
Sand Dollar Beach CSA 5	381	273	309	294	328	323	247	237	275	243
Trestle Beach CSA 20	68	83	69	95	51	56	62	45	51	59
Summit West CSA 54	-	-	-	-	2	-	-	-	-	1
Graham Hill CSA 57	-	-	-	-	-	-	8	11	35	53
Total business-type activities expenses	23,159	27,233	21,143	23,738	21,422	18,454	16,632	15,142	15,219	14,445
Total primary government expenses	\$ 810,953	\$ 699,648	\$ 762,473	\$ 672,965	\$ 605,307	\$ 558,402	\$ 513,588	\$ 478,563	\$ 455,328	\$ 434,111
Program Revenues										
Governmental activities:										
Charges for services										
General government	30,702	27,224	23,901	23,768	26,432	19,799	21,379	19,053	18,605	19,150
Public protection	26,981	28,937	31,132	22,982	23,899	23,357	22,877	22,514	22,913	21,426
Public ways and facilities	6,800	7,374	7,535	6,528	7,085	6,154	6,129	4,930	5,624	5,167
Health and sanitation	69,704	46,012	41,979	41,219	39,863	41,364	38,413	33,927	27,520	25,318
Public assistance	1,533	1,123	589	524	1,071	1,278	415	700	568	512
Education	2	1	2	2	1	-	-	-	-	-
Recreation and cultural services	4,273	2,708	2,332	3,014	3,354	3,392	3,279	3,122	2,594	3,119
Debt service	-	41	2,106	1,560	285	-	-	-	-	-
Operating grants and contributions	447,171	399,130	369,375	290,021	279,861	259,972	261,567	244,016	243,896	227,863
Capital grants and contributions	16,015	14,984	32,521	18,532	22,829	19,532	8,193	8,798	7,005	10,541
Total governmental activities program revenues	603,181	527,534	511,472	408,150	404,680	374,848	362,252	337,060	328,725	313,096
Business-type activities:										
Charges for services										
Operating grants and contributions	726	2,712	2,941	425	1,232	2,856	342	490	226	382
Capital grants and contributions	4	-	-	-	-	-	327	129	118	-
Total business-type activities program revenues	29,385	24,986	25,758	21,716	19,738	20,878	16,307	15,382	14,277	13,732
Total primary government program revenues	\$ 632,566	\$ 552,520	\$ 537,230	\$ 429,866	\$ 424,418	\$ 395,726	\$ 378,559	\$ 352,442	\$ 343,002	\$ 326,828
Net (expense)/revenue	\$ (184,613)	\$ (144,881)	\$ (229,858)	\$ (241,077)	\$ (179,205)	\$ (165,100)	\$ (134,704)	\$ (126,361)	\$ (111,384)	\$ (106,570)
Governmental activities	6,226	(2,247)	4,615	(2,022)	(1,683)	2,424	(325)	240	(942)	(713)
Business-type activities										
Total primary government net expense	\$ (178,387)	\$ (147,128)	\$ (225,243)	\$ (243,099)	\$ (180,888)	\$ (162,676)	\$ (135,029)	\$ (126,121)	\$ (112,326)	\$ (107,283)

(Continued)

**GOVERNMENT-WIDE CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Reported in Thousands)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 145,671	\$ 136,154	\$ 129,749	\$ 123,044	\$ 118,051	\$ 117,337	\$ 107,283	\$ 100,143	\$ 93,563	\$ 88,178
Other taxes	48,352	53,369	50,497	36,906	35,107	31,143	27,410	24,256	21,831	19,046
Grants and contributions not restricted for specific purposes	-	-	-	487	-	-	-	-	-	-
Interest and investment earnings	10,786	(4,067)	4,186	-	-	-	-	-	-	-
Use of money and property	-	-	-	6,283	6,619	4,454	3,741	4,096	3,473	3,652
Miscellaneous	8,355	12,010	25,207	28,371	19,945	16,253	7,960	9,460	4,306	751
Gain (Loss) on sale of assets	54	20	10	81	60	(7)	6	98	-	(4)
Total governmental activities	213,218	197,486	209,649	195,172	179,782	169,180	146,400	138,053	123,173	111,623
Business-type activities:										
Property taxes	\$ 53	49	45	44	40	35	32	29	27	25
Interest and investment earnings	\$ 523	(497)	165	-	-	-	-	-	-	-
Use of money and property	-	-	-	334	366	(25)	(232)	(170)	49	95
Miscellaneous	\$ 289	4,684	820	448	1,608	70	333	332	6,539	531
Gain (Loss) on sale of assets	-	-	-	-	52	(91)	-	-	-	-
Total business-type activities	865	4,236	1,030	826	2,066	(11)	133	191	6,615	651
Total primary government	\$ 214,083	\$ 201,722	\$ 210,679	\$ 195,998	\$ 181,848	\$ 169,169	\$ 146,533	\$ 138,244	\$ 129,788	\$ 112,274
Extraordinary Item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	28,514	\$ 52,603	\$ (20,210)	\$ (45,905)	\$ 577	\$ 4,080	\$ 11,696	\$ 11,692	\$ 11,789	\$ 5,053
Business-type activities	7,183	1,991	5,645	(1,196)	383	2,413	(192)	431	5,673	(62)
Total primary government	\$ 35,697	\$ 54,594	\$ (14,565)	\$ (47,101)	\$ 960	\$ 6,493	\$ 11,504	\$ 12,123	\$ 17,462	\$ 4,991

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Reported in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 1,974	\$ 1,402	\$ 1,696	\$ 1,547	\$ 1,707	\$ 1,758	\$ 703	\$ 751	\$ 1,135	\$ 872
Restricted	34,741	33,022	25,484	-	-	-	-	-	1	2
Committed	20,997	20,956	20,956	19,756	19,957	21,557	18,000	17,251	20,081	21,627
Assigned	81,700	80,169	63,583	36,390	48,162	37,094	37,159	33,767	29,059	18,214
Unassigned	-	-	-	-	-	-	(71)	(33)	(71)	-
Total General Fund	<u>\$ 139,412</u>	<u>\$ 135,549</u>	<u>\$ 111,719</u>	<u>\$ 57,693</u>	<u>\$ 69,826</u>	<u>\$ 60,409</u>	<u>\$ 55,791</u>	<u>\$ 51,736</u>	<u>\$ 50,205</u>	<u>\$ 40,715</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,558	\$ -	\$ 61,184	\$ 60,226
Restricted	165,892	150,199	127,279	130,581	121,088	116,612	54,594	124,769	55,820	69,455
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(21,298)	-	(1,906)	-	-	(4,989)	-	-	-	-
	<u>\$ 144,594</u>	<u>\$ 150,199</u>	<u>\$ 125,373</u>	<u>\$ 130,581</u>	<u>\$ 121,088</u>	<u>\$ 111,623</u>	<u>\$ 116,152</u>	<u>\$ 124,769</u>	<u>\$ 117,004</u>	<u>\$ 129,681</u>

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Reported in Thousands)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 194,023	\$ 189,522	\$ 180,246	\$ 159,949	\$ 153,158	\$ 148,480	\$ 134,693	\$ 124,399	\$ 115,394	\$ 107,224
Licenses and permits	16,175	16,787	13,782	12,829	12,591	12,665	13,268	11,881	11,053	9,847
Fines, forfeits and penalties	13,059	9,801	12,939	8,723	10,796	3,870	4,101	3,630	4,720	4,758
Use of money and property	10,091	(3,664)	3,901	5,674	5,930	4,197	3,623	4,083	3,417	3,480
Aid from other governments	462,949	414,108	401,443	308,552	302,690	279,504	269,760	252,814	250,902	238,404
Charges for services	97,979	86,832	82,856	78,045	78,603	78,809	75,124	68,734	62,050	60,087
Other	8,220	11,999	24,546	28,371	19,945	16,720	8,313	9,685	10,168	12,927
Total revenues	802,496	725,385	719,713	602,143	583,713	544,245	508,882	475,226	457,704	436,727
Expenditures										
Current										
General government	75,857	41,915	44,349	44,123	35,550	36,225	33,189	31,414	32,532	29,206
Public protection	205,226	318,652	195,009	182,291	172,236	161,157	156,582	146,434	137,893	134,296
Public ways and facilities	69,523	37,008	68,935	35,769	37,204	37,324	34,217	20,249	24,440	18,730
Health and sanitation	214,863	195,978	181,815	164,253	142,544	133,424	122,842	117,041	111,509	108,967
Public assistance	183,051	179,365	193,727	149,539	134,165	125,796	129,505	130,035	119,199	112,967
Education	6,671	5,606	5,458	5,518	5,753	5,655	5,535	5,793	5,325	4,915
Recreation and cultural services	13,716	10,532	9,828	10,842	10,460	10,471	10,014	8,667	7,156	6,951
Capital outlay	37,114	28,090	7,889	14,587	17,770	35,287	14,862	7,607	9,306	18,875
Debt service										
Principal	14,256	13,547	6,075	10,220	5,577	4,592	4,857	4,744	3,992	3,797
Bond redemption	-	-	-	-	-	-	-	-	-	-
Bond issue costs	320	844	-	-	-	-	-	-	-	-
Interest and fiscal charges	8,809	5,133	2,911	3,158	2,933	2,276	2,904	2,770	3,239	3,151
Total expenditures	829,406	836,670	715,996	620,300	564,192	552,207	514,507	474,754	454,591	441,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,910)	(111,285)	3,717	(18,157)	19,521	(7,962)	(5,625)	472	3,113	(5,128)
Other Financing Sources (Uses)										
Sale of capital assets	-	-	-	-	-	24	6	98	-	-
Gain/(Loss) on land held for resale	-	-	-	-	-	-	-	-	-	-
Debt issue cost	-	-	-	(281)	-	-	-	-	-	-
Escrow transfers in	-	-	-	-	-	-	-	-	-	-
Escrow transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	17,300	152,480	-	-	-	-	-	9,945	-	11,810
Contributed capital	-	-	-	-	-	-	-	-	-	-
Bond premium	620	3,214	-	995	-	(63)	951	60	-	812
Bond discount	-	(52)	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	13,985	-	7,940	10,500	13,770	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	(10,620)	(13,097)	-	(6,362)
Transfers in	46,655	38,736	19,678	18,285	22,489	28,411	21,582	17,489	12,312	36,185
Transfers out	(52,388)	(43,871)	(19,802)	(18,362)	(23,157)	(28,496)	(21,750)	(17,701)	(18,706)	(37,268)
Lease inception	309	863	-	894	30	92	129	70	93	403
Miscellaneous	-	-	-	-	-	144	-	-	-	-
Total other financing sources (uses)	12,496	151,370	(124)	15,516	(638)	8,052	798	10,634	(6,301)	5,580
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (14,414)	\$ 40,085	\$ 3,593	\$ (2,641)	\$ 18,883	\$ 90	\$ (4,827)	\$ 11,106	\$ (3,188)	\$ 452
Debt service as a percentage of noncapital expenditures	2.87%	2.38%	1.33%	2.32%	1.61%	1.40%	1.63%	1.64%	1.69%	1.64%

GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year	Current Property Taxes	Prior Property Taxes ⁽¹⁾	Delinquent Penalties and Costs	Sales and Use Tax	Transient Occupancy Tax	Business Tax ⁽²⁾	Property Transfer Tax	Other Taxes	Total Tax Revenues ⁽³⁾
2014	\$ 71,929	\$ 41	\$ 3,656	\$ 9,840	\$ 5,514	\$ -	\$ 1,906	\$ 72	\$ 92,958
2015	77,497	146	2,017	10,248	6,482	978	2,243	76	99,687
2016	82,863	260	2,436	10,071	7,084	2,504	2,267	82	107,567
2017	88,414	174	3,210	11,863	8,002	2,805	2,321	85	116,874
2018	94,000	135	6,780	11,514	8,385	3,138	2,609	83	126,644
2019	100,409	153	4,243	13,971	9,217	3,440	2,586	83	134,102
2020	104,689	234	3,134	16,640	7,410	4,294	2,411	84	138,896
2021	109,956	330	3,796	22,564	10,237	6,266	3,728	83	156,960
2022	115,620	195	4,894	24,280	14,137	3,014	3,782	72	165,995
2023	123,553	263	8,546	23,522	11,528	2,614	2,457	60	172,543

⁽¹⁾The County uses the Alternative Tax Apportionment Method, which treats prior taxes as payments against an outstanding taxes receivable balance. Amounts shown are either past adjustments or present delinquent payments applicable to the supplemental tax roll.

⁽²⁾The County began collecting Cannabis Business Tax during 2014-2015.

⁽³⁾The difference between total tax revenues reported above and revenues classified as taxes on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance is the above revenues classified as "Delinquent Penalties and Costs." These tax revenues are reported under "Fines, forfeits and penalties" on the Statement of Revenues, Expenditures and Changes in Fund Balance.

⁽⁴⁾Amounts for fiscal year 2022 were updated to agree with General Fund tax revenues. They were previously reported for Government-Wide tax revenues, erroneously.

**PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (Reported in Thousands)**

Fiscal Year Ended June 30	Total Secured Tax Levy for Fiscal Year ⁽¹⁾	Collections within the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2014	\$ 418,414	\$ 413,276	98.8%	\$ 6,767	\$ 420,043	100.4%
2015	443,002	437,476	98.8%	4,534	442,010	99.8%
2016	470,552	465,411	98.9%	5,831	471,242	100.1%
2017	503,093	496,571	98.7%	4,739	501,310	99.6%
2018	536,687	530,953	98.9%	5,226	536,179	99.9%
2019	560,534	554,765	99.0%	3,547	558,312	99.6%
2020	587,578	580,758	98.8%	5,046	585,804	99.7%
2021	615,206	609,436	99.1%	5,997	615,433	100.0%
2022	638,000	631,953	99.1%	6,554	638,507	100.1%
2023	683,093	675,077	98.8%	5,932	681,008	99.7%

⁽¹⁾ Secured tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.

⁽²⁾ Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

⁽³⁾ Under the Alternative Method of Tax Apportionment (the Teeter Plan), the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if not yet collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. Refer to schedule of General Fund Tax Revenues by Source for property tax collections applicable to the County.

ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY⁽¹⁾
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year Beginning July 1,	Secured ⁽²⁾	Unsecured	Total Taxable Assessed Value ⁽³⁾	Total Direct Tax Rate ⁽⁴⁾
2014	\$ 35,996,363	\$ 823,369	\$ 36,819,732	1.00%
2015	38,321,843	873,141	39,194,984	1.00%
2016	40,296,052	876,810	41,172,862	1.00%
2017	42,608,504	936,890	43,545,394	1.00%
2018	45,265,422	982,250	46,247,672	1.00%
2019	47,620,014	1,021,496	48,641,510	1.00%
2020	49,853,771	1,032,834	50,886,605	1.00%
2021	51,676,680	1,035,947	52,712,628	1.00%
2022	54,902,593	1,138,888	56,041,480	1.00%
2023	57,806,984	1,291,488	59,098,473	1.00%

⁽¹⁾Assessed value of taxable property represents all taxable property within the County except as excluded or exempted by the State Constitution and the Legislature.

⁽²⁾Includes unitary properties (e.g., railroads, utilities), which are assessed by the State Board of Equalization.

⁽³⁾The County does not track the estimated actual value of all County properties due in part to the manner in which assessed value is calculated following the passage of California Proposition 13. Thus, the total taxable assessed value reported represents all property within the County.

⁽⁴⁾The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Reported in Thousands)**

Fiscal Year	Property Tax Rates Per \$100 of Assessed Valuation		General Fund	Cities	School Districts	Special Districts ⁽¹⁾	Redevelopment	Total
	Low	High					Successor	
							Agency	
2014	1.058	1.189	13.0	5.0	56.5	13.5	12.0	100.0
2015	1.058	1.189	13.0	5.0	57.0	13.5	11.5	100.0
2016	1.056	1.178	13.0	5.0	57.0	13.5	11.5	100.0
2017	1.051	1.163	13.0	5.0	57.0	13.5	11.5	100.0
2018	1.064	1.118	13.0	5.0	57.0	13.5	11.5	100.0
2019	1.060	1.174	13.0	5.0	57.0	13.5	11.5	100.0
2020	1.063	1.183	13.0	5.0	57.0	13.5	11.5	100.0
2021	1.061	1.198	13.0	5.0	57.0	13.5	11.5	100.0
2022	1.061	1.212	13.0	5.0	57.0	13.5	11.5	100.0
2023	1.062	1.220	13.0	5.0	57.0	13.5	11.5	100.0

⁽¹⁾ Includes Autonomous Special Districts, Board Governed Special Districts, the Library Special Revenue Fund and the Fire Special Revenue Fund.

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Reported in Thousands, Except Per Capita Information)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Leases ⁽¹⁾	20,948	19,923	\$ 2,957	\$ 3,719	\$ 4,097	\$ 5,579	\$ 5,968	\$ 6,739	\$ 4,731	\$ 5,077
Refunding Certificates of Participation	18,647	22,315	25,830	29,814	33,648	37,333	40,896	38,095	27,726	29,608
Lease Revenue Bonds	73,944	57,613	29,645	30,720	21,083	21,948	14,504	14,927	12,325	12,325
Lease Revenue Refunding Bonds	4,847	5,167	5,480	5,821	1,428	1,496	1,561	1,627	1,690	1,751
Local Agency Revenue Bonds - 1999		-	-	-	35	70	105	135	165	195
Certificates of Participation	253	500	737	969	5,847	6,429	6,991	13,390	27,266	29,307
SCRUZPOB, 2021 Tax Pension	113,505	118,690	-	-	-	-	-	-	-	-
Subscription based Information Technology Agreements	1,611									
City of Scotts Valley Writ of Mandate	-	-	-	-	-	-	-	-	-	725
Loans Payable ⁽⁶⁾	3,477	4,337	-	-	-	-	16	58	-	-
Internal Service Funds	-	-	-	-	-	-	-	-	26	19
Business-type activities										
Lease Revenue Bonds	4,861	5,171	5,471	5,756	6,030	6,295	6,550	6,799	-	-
Loans Payable	5,237	5,511	58	92	143	192	240	287	449	490
Subscription based Information Technology Agreements	2,078	-	-	-	-	-	-	-	-	-
Leases	-	-	1,233	1,389	1,544	2	3	4	-	2
Total Primary government ⁽²⁾	<u>\$ 249,408</u>	<u>\$ 239,227</u>	<u>\$ 71,411</u>	<u>\$ 78,280</u>	<u>\$ 73,855</u>	<u>\$ 79,344</u>	<u>\$ 76,834</u>	<u>\$ 82,061</u>	<u>\$ 74,378</u>	<u>\$ 79,499</u>
Percentage of personal income ^(3,5)	1.09%	1.04%	0.35%	0.40%	0.39%	0.44%	0.46%	0.50%	0.47%	0.54%
Per capita ^(4,5)	\$ 931	\$ 893	\$ 265	\$ 287	\$ 269	\$ 288	\$ 279	\$ 299	\$ 271	\$ 293

⁽¹⁾ Implementation of GASB 87 requires the term "leases" (rather than "capital leases") be used throughout the annual comprehensive financial report. Line items for capital leases have been removed and added to "leases".

⁽²⁾ Excludes Component Unit. Total primary government, percentage of personal income and per capita data for prior periods were restated here to exclude amounts related to the Component Unit.

⁽³⁾ Percentage of personal income is calculated from personal income data for the preceding calendar year, if available (e.g. percentage of personal income for Fiscal Year 2023 is based on 2021 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

⁽⁴⁾ Per capita data is calculated from per capita income data for the preceding calendar year, if available (e.g. per capita for Fiscal Year 2023 is based on 2021 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

⁽⁵⁾ Some prior period personal and per capita income data was revised by the Bureau of Economic Analysis and thus some prior period calculations have been restated here.

⁽⁶⁾ Loans Payable was inadvertently excluded in 2022 and has been added to the schedule for related years.

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value ⁽¹⁾	Legal Debt Limit ⁽²⁾	Total Net Applicable Debt	Legal Debt Margin	Debt Margin/ Debt Limit
2014	\$ 35,996,363,446	\$ 1,799,818,172	\$ -	449,954,543	100.00%
2015	38,321,843,499	1,916,092,175	-	479,023,044	100.00%
2016	40,296,052,356	2,014,802,618	-	503,700,654	100.00%
2017	42,608,503,591	2,130,425,180	-	2,130,425,180	100.00%
2018	45,265,421,591	2,263,271,080	-	2,263,271,080	100.00%
2019	47,620,014,333	2,381,000,717	-	2,381,000,717	100.00%
2020	49,853,771,007	2,492,688,550	-	2,492,688,550	100.00%
2021	51,676,680,196	2,583,834,010	-	2,583,834,010	100.00%
2022	54,902,592,846	2,745,129,642	-	2,745,129,642	100.00%
2023	57,806,984,366	2,890,349,218	-	2,890,349,218	100.00%

⁽¹⁾Total Assessed Value includes exempt property.

⁽²⁾Section 29909 of the California Government Code limits the General Obligation Bond indebtedness to 5 percent of the total full cash valuation of all real and personal property within the County. The Legal Debt Margin is the Legal Debt Limit reduced by the General Bonded Debt. The County does not have any General Bonded Debt.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2023
(Reported in Thousands)

2022-2023 Total Net Assessed Valuation	\$ 58,833,652		
		<u>Percentage Applicable⁽¹⁾</u>	<u>Net Debt Outstanding</u>
<u>Overlapping Tax and Assessment and General Obligation Debt</u>			
SCHOOL DISTRICTS			
Elementary School Districts			
Live Oak Elementary		100.00%	\$ 8,890
Santa Cruz City Elementary		100.00%	68,451
Soquel Union Elementary		100.00%	43,834
Mountain Elementary		100.00%	2,220
Santa Cruz City High		100.00%	139,772
Scotts Valley Unified		100.00%	32,475
San Lorenzo Valley Unified		100.00%	60,419
Pacific		100.00%	793
Pajaro Valley Unified		100.00%	158,829
Cabrillo College		100.00%	98,100
SPECIAL DISTRICTS			
Zayante Fire		100.00%	-
Lompico Water		100.00%	-
Rolling Woods Water		100.00%	-
Rolling Woods Sewer Improvements		100.00%	-
North Polo Drive Sewer Extension		100.00%	-
Orchard Drive		100.00%	585
Consolidated Reassessment District 2021		100.00%	1,160
Place De Mer AD 2021-01		100.00%	2,575
Felton Community Facilities - District No. 1		100.00%	6,330
Total Overlapping Tax and Assessment and General Obligation Debt			<u>624,433</u>
<u>Direct Debt</u>			
Santa Cruz County ⁽²⁾		100.00%	235,383
Total Direct Debt			<u>235,383</u>
Total Combined Overlapping and Direct Debt			<u>\$ 859,816</u>
<u>Ratio to 2022-2023 Assessed Valuation</u>			
Total Overlapping Tax and Assessment and General Obligation Debt		1.06%	
Total Direct Debt		0.40%	
Total Combined Direct Debt and Overlapping Debt		1.46%	

⁽¹⁾Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

⁽²⁾Governmental activities debt excluding tax and revenue anticipation notes, compensated absences and estimated claims, business-type activities and debt related to the Santa Cruz County Sanitation District.

OUTSTANDING DEBT OF THE GOVERNMENTAL ACTIVITIES⁽¹⁾
JUNE 30, 2023
(Reported in Thousands)

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt ⁽²⁾			
1996	\$ 5,940	\$ 693	\$ 6,633
2008	250	5	255
2012A	1,141	356	1,497
2014	3,730	744	4,474
2014	3,520	927	4,447
2015	1,870	77	1,947
2015	7,950	3,659	11,609
2016	6,340	1,704	8,044
2017	5,685	1,289	6,974
2020A	9,055	4,967	14,022
2020B	3,740	793	4,533
2021A	22,555	12,971	35,526
2021B	3,730	1,731	5,461
2021 Tax Obligation Bonds	113,505	30,920	144,425
2023A	17,300	12,976	30,276
Total debt outstanding for the Governmental Activities	\$ 206,311	\$ 73,812	\$ 280,123

⁽¹⁾ All bonds noted are debts of The Public Financing Authority, a separate legal entity for whose debt the County is not liable except for the 2021 Tax Obligation Bonds.

⁽²⁾ Certificates of Participation, Refunding Certificates of Participation, Lease Revenue Bonds, Lease Revenue Refunding Bonds, Revenue Bonds, and Local Agency Revenue Bonds.

**GENERAL INFORMATION
LAST TEN FISCAL YEARS**

Santa Cruz County is the second smallest county in the State of California, with an area of 440 square miles. It is also one of the original 27 counties formed in 1850, and, prior to California's independence, it was one of three Spanish Pueblos in California.

Santa Cruz County is located in the northern crescent of Monterey Bay, 74 miles south of San Francisco, 375 miles north of Los Angeles, 159 miles southwest of Sacramento, and 164 miles northwest of Fresno.

Fiscal Year	Population ⁽¹⁾ (in thousands)	Budget Requirements ⁽²⁾ (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
2014	272	\$ 458,496	\$ 1,686	\$ 71,929	\$ 264
2015	272	505,725	1,859	77,497	285
2016	276	539,798	1,956	82,863	300
2017	277	552,333	1,994	88,414	319
2018	276	590,759	2,140	94,000	341
2019	275	646,197	2,350	100,409	365
2020	271	685,431	2,529	104,689	386
2021	261	749,829	2,873	109,956	421
2022	267	875,026	3,277	135,907	509
2023	262	918,988	3,481	123,553	550

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income ⁽³⁾	Personal Income ⁽³⁾ (in thousands)	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2014	\$ 35,996,363	\$ 49,942	\$ 13,456,565	\$ 69,342	10.3%
2015	38,321,843	52,280	14,209,814	70,516	8.7%
2016	40,296,052	59,598	16,347,740	70,411	7.5%
2017	42,608,504	60,924	16,766,106	70,282	6.9%
2018	45,265,422	64,901	17,854,678	70,702	6.7%
2019	47,620,014	69,355	19,021,010	70,328	4.4%
2020	49,853,771	71,592	19,559,977	69,828	12.2%
2021	51,676,680	75,957	20,502,635	67,610	6.9%
2022	54,902,593	85,554	22,910,773	66,748	3.8%
2023	57,806,984	86,365	22,832,500	69,372	5.3%

SOURCES:

⁽¹⁾Based on information compiled by the California Department of Finance.

⁽²⁾Santa Cruz County Final/Adopted Budgets.

⁽³⁾U.S. Bureau of Economic Analysis (BEA). Figures are for the preceding calendar year (e.g., Fiscal Year 2023 is 2022 calendar year data). All prior period numbers have been revised by the BEA and have been restated here.

⁽⁴⁾Total includes data obtained from the California Department of Education, the University of California at Santa Cruz, and Cabrillo College.

⁽⁵⁾Data reflects the annual average rate for the calendar year (e.g., Fiscal Year 2023 is annual average for 2022 calendar year) as calculated by the California Employment Development Department (EDD). Calendar year 2013 was revised by the EDD and has been restated here.

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 LAST TEN CALENDAR YEARS**

Calendar Year	New Dwelling Units ⁽¹⁾			Valuation of New Units ⁽¹⁾ (in thousands)			Deposits ⁽²⁾
	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
2013	94	32	126	\$ 69,559	\$ 44,708	\$ 114,267	\$ 4,441,443
2014	113	5	118	70,444	79,182	149,626	4,729,351
2015	101	62	163	72,860	42,430	115,290	5,439,646
2016	116	202	318	102,393	93,011	195,404	6,076,534
2017	66	1	67	18,228	1,025	19,253	6,133,076
2018	34	1	35	9,189	315	9,504	6,269,787
2019	50	1	51	12,227	995	13,222	7,415,466
2020	59	-	59	11,124	221	11,345	8,426,670
2021	144	1	145	27,475	4,769	32,244	8,937,210
2022	203	9	212	54,822	1,272	56,094	8,213,622

⁽¹⁾ Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2023 new construction and property valuation data is not available.

⁽²⁾ Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2023.

⁽³⁾ Compiled by the County of Santa Cruz Planning Department. Figures from prior years have been restated to reflect the data the county planning department tracks. Data from the cities of Watsonville, Scotts Valley, Capitola, and Santa Cruz are not included in these restated figures.

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
 LAST TEN FISCAL YEARS**

Year Ended June 30,	Debt Service Funds		Enterprise Funds	
	Special Assessment Billed	Special Assessment Collected	Special Assessment Billed	Special Assessment Collected / (Refunded)
2014	\$ 197,814	\$ 221,247	\$ 93,061	\$ 93,062
2015	195,882	185,882	90,298	90,298
2016	193,708	204,728	91,601	91,598
2017	264,054	275,353	91,707	91,703
2018	211,083	246,813	92,271	91,349
2019	212,413	248,062	-	(129,567)
2020	151,767	208,299	-	-
2021	184,246	197,373	-	-
2022	168,264	294,764	-	-
2023	149,690	294,982	-	-

Note: The billings and collections shown are for those special assessment bonds for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts.

**PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO**

Taxpayer	Type of Business	Assessed Value 2022-2023	Percentage of Total Assessed Valuation 2022-2023 ⁽¹⁾
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 481,185,107	0.86%
Dignity Health	Hospital	168,399,855	0.30%
Santa Cruz Seaside Co	Amusement Park	127,700,642	0.23%
Regency Hilltop LLC	Property management	120,105,000	0.22%
Capitola Mall, LLC	Property management	119,575,067	0.21%
LHO Santa Cruz Hotel One LP	Property management	68,443,523	0.12%
Rancho Del Mar Center LLC	Property management	61,458,488	0.11%
S. Martinelli & Co	Consumer Goods	57,621,451	0.10%
1440 Devco LLC	Property management	56,807,520	0.10%
Cypress Point RE Investors LLC	Real Estate Investment	52,246,830	0.09%
Totals		\$ 1,313,543,483	2.34%

Taxpayer	Type of Business	Assessed Value 2012-2013	Percentage of Total Assessed Valuation 2012-2013 ⁽²⁾
Pacific Gas and Electric	Gas & Electric Utility	\$ 225,458,856	0.69%
Santa Cruz Seaside Company	Amusement Park	67,868,390	0.21%
Macerich Partnership LP	Commercial Real Estate	61,199,999	0.19%
Neven Development LLC	Hospital	58,289,484	0.18%
Pacific Bell Telephone Co.	Telephone Utility	52,153,174	0.16%
SC Beach Hotel Partners LLC	Hotel	44,143,577	0.13%
Cypress Point RE Investors LLC	Real Estate	39,811,821	0.12%
George Ow, Jr. et all	Real Estate	37,515,680	0.11%
Safeway Inc.	Food Retailer	37,439,682	0.11%
SC Shaffer Road Investors	Real Estate	34,433,102	0.10%
Totals		\$ 658,313,765	2.00%

Note: Principal taxpayer data for fiscal year 2022/23 is derived from the 2022 tax roll, which was billed and collected during 2023. Data for fiscal year 2012-2013 is derived from the 2012 tax roll, which was billed and collected during 2013.

⁽¹⁾ Percentage of total assessed valuation for 2022/23 is calculated from the total net assessed valuation of \$58,833,652,202.

⁽²⁾ Percentage of total assessed valuation for 2012/13 is calculated from the total net assessed valuation of \$32,849,679,306.

**PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO**

Employer	Product/Service	Number of Employees 2022-2023 ⁽¹⁾	Percentage of Total Employment 2022-2023 ⁽²⁾
University of California at Santa Cruz	Education	1,000-4,999	2.00%
Pajaro Valley Unified School District	Education	1,000-4,999	2.00
County of Santa Cruz	County Services	1,000-4,999	2.00
Dominican Hospital	Hospital	1,000-4,999	2.00
Granite Rock	Excavating Contractors	500-999	0.20
Plantronics Inc	Telephone Apparatus Mfg.	500-999	0.20
Watsonville Community Hospital	Hospital	500-999	0.20
Source Naturals	Vitamin Manufacturer	500-999	0.20
Santa Cruz Health Center	Clinics	500-999	0.20
Monterey Mushrooms	Agriculture	500-999	0.20
Larse Farms Inc	Agriculture	500-999	0.20
Ameri-Kleen	Services NEC	500-999	0.20

Employer ⁽³⁾	Product/Service ⁽³⁾	Number of Employees 2012-2013 ⁽³⁾	Percentage of Total Employment 2012-2013 ⁽³⁾
University of California, Santa Cruz	Education	1,000-4,999	2.10%
County of Santa Cruz	County Services	1,000-4,999	2.10
Pajaro Valley Unified School District	Education	1,000-4,999	2.10
Dominican Hospital	Hospital	1,000-4,999	2.10
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.10
Cabrillo College	Education	500-999	0.52
City of Santa Cruz	City Services	500-999	0.52
Threshold Enterprises	Manufacturing	500-999	0.52
Watsonville Community Hospital	Hospital	500-999	0.52
West Marine	Retail	500-999	0.52
Plantronics	Telephone Apparatus Mfg.	500-999	0.52
Santa Cruz City School District	Education	500-999	0.52

⁽¹⁾Number of employees reflects a range provided by California Employment Development Department (EDD) data.

⁽²⁾Average of the reported range divided by total civilian employment of 128,300 as reported by the EDD for June 2023.

⁽³⁾Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2013.

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Assistance										
Human Services Department										
Adult Protective Services										
Referrals received	2,082	1,899	1,825	1,792	1,764 ⁽²⁾	1,406 ⁽¹⁾	1,011	936	754	630
Investigations completed	1,662	1,570	1,474	1,550	1,649 ⁽²⁾	1,098 ⁽¹⁾	906	816	601	444
Family and Children's Services										
Annual referrals (families)	2,314	2,096	2,399	2,399	2,699 ⁽²⁾	2,788 ⁽¹⁾	2,770	2,635	2,727	2,591
Finalized adoptions	13	19	28	28	40 ⁽²⁾	37 ⁽¹⁾	52	50	45	72
Licensed foster homes (monthly average)	124	112	141	141	100 ⁽²⁾	60 ⁽¹⁾	139	130	125	113
Benefit Services										
Average number of Medi-Cal recipients	91,519	81,045	75,626	69,355	71,077 ⁽²⁾	73,041 ⁽¹⁾	76,713	73,060	64,344	44,600
Public Ways and Facilities										
Public Works										
Roads										
Miles of road maintained	600	600	600	600	596	596	596	600	600	600
Potholes repaired	10,294	7,707	6,193	9,592	1,756	4,295	4,013	3,750	3,994	4,130
Minor culverts maintained	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts maintained	160	160	160	160	160	160	160	160	160	160
Traffic signs replaced/ repaired	722	1,368	1,505	1,500	2,938	2,657	1,047	1,377	1,238	1,452
Miles of street swept	1,670	899	424	1,133	186	112	285	518	381	1,607
Sanitation										
Miles of pipe maintained	228	228	87	98	245	245	245	245	244	236
Maintenance call responses	393	110	282	573	279	401	150	209	319	100
Landfill										
Waste generated (tons)	141,606	177,225	179,484	178,898	166,332	168,225	197,810	155,789	172,555	166,594
Waste disposed (tons)	98,216	91,420	96,384	95,762	100,097	103,067	125,610	91,399	83,642	79,292
Recreation and Cultural Services										
Parks, Open Space and Cultural Services										
Facility bookings	5,778	4,989	3,069	4,516	7,409	7,602	6,927	6,716	7,621	7,532
Recreation registrations	2,804	2,259	3,022	7,116	7,144	7,025	7,591	7,295	6,720	6,831
Swim admissions	82,989	89,446	77,148	128,725	200,628	188,127	184,064	178,882	178,289	158,573

Sources: Various County Departments

⁽¹⁾ Prior period reported an estimate which has been restated here to reflect actual data.

⁽²⁾ Prior period restated here consistent with Capital Assets Statistics by Function.

⁽³⁾ New reporting system with more precise tracking capabilities was implemented.

OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Protection										
Agricultural Commissioner High risk quarantine inspections	554	887	453	697	943	1,228	1,394	1,468	1,347	1,293
District Attorney Criminal Prosecution										
Felony filings	2,071	1,390	1,462	2,034	2,022	1,859	2,379	1,757	2,113	2,703
Juvenile filings	399	288	262	348	414	385	591	817	413	652
Consumer Affairs										
Number of calls received	107	132	167	176	226	412	2,198	1,821	2,143	2,040
Number of written complaints received	119	125	117	138	163	243	148	127	129	121
Planning										
Building permits issued	6,303	5,992	5,565	4,009	4,424	4,452	4,463	4,072	4,097	3,487
Building permit inspection sites visited	10,742	10,355	12,925	9,580	9,924	11,979	10,998	9,503	10,084	9,081
Code compliance cases resolved	96	111	97	91	216	251	114	102	105	77
Probation										
Juvenile division referrals	n/a ⁽²⁾	504	504	559	693	765	913	980	1,220	1,074
Juvenile division petitions filed	n/a ⁽²⁾	169	169	240	298	327	362	430	569	430
Juvenile court investigations	n/a ⁽²⁾	54	33	53	67	69	54	53	60	62
Public Defender										
Total cases	8,187	6,576	6,530	6,300	11,038	10,955	10,900	10,800	10,445	10,910
Sheriff/Coroner(Investigation Division)										
Total cases reviewed	10,500 ⁽²⁾	10,024	10,418	10,581	11,138	10,990	11,072	10,481	10,471	10,425
Total arrests	150 ⁽²⁾	137	142	112	104	64	85	86	168	216
Detention										
Main jail bookings	8,102	7,468	6,907	7,411	9,404	9,208	10,641	11,305	10,964	10,487
Weights and Measures										
Establishments visited	824	1,057	1,053	1,229	1,537	1,348	1,200	1,200	1,039	1,237
Special District										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	11,258	11,021 ⁽¹⁾	13,518	10,501	7,104	7,228	8,423	8,859	6,440	2,995

Sources: Various County Departments

⁽¹⁾Prior period reported an estimate which has been restated here to reflect actual data.

⁽²⁾Data is presented on a calendar year basis, which is not yet available.

**BUDGETED POSITIONS
LAST TEN FISCAL YEARS**

DEPARTMENT/FUNCTION	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COUNTY ADMINISTRATIVE OFFICE	16.00	15.75	15.75	17.00	17.00	22.00	22.00	22.00	18.00	18.00
CLERK OF THE BOARD (5 added to CAO)	5.00	4.00	4.00	5	5	5	5	-	-	-
AGRICULTURAL COMMISSIONER ⁽¹⁾	18.81	19.81	19.81	19.81	18.40	16.40	16.40	16.40	20.40	19.40
MOSQUITO ABATEMENT/VECTOR CONTROL	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00
AGRICULTURAL EXTENSION	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
ASSESSOR	26.00	26.00	26.00	26.00	26.00	26.00	26.00	29.00	33.25	33.25
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR ⁽²⁾	44.55	44.25	42.75	45.75	45.75	44.75	42.75	42.75	30.00	29.00
BOARD OF SUPERVISORS	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
CANNABIS LICENSING	4.25	5.00	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00
RECORDER	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	11.00
COMMUNITY DEVELOPMENT & INFRASTRUCTURE ⁽³⁾	356.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COUNTY CLERK/ELECTIONS	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
COUNTY COUNSEL	20.50	20.50	20.50	20.50	19.50	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	107.00	106.00	106.00	106.00	103.00	99.00	97.00	94.00	90.50	89.50
CHILD SUPPORT SERVICES	33.00	34.00	34.00	49.00	49.00	51.00	59.00	59.00	61.00	64.00
EMERGENCY SERVICES	0.00	0.00	1.00	2.00	2.00	2.00	1.50	2.00	2.00	2.00
GENERAL SERVICES	6.00	6.00	9.00	9.00	9.00	9.00	9.00	8.00	8.80	8.80
FACILITIES MAINTENANCE	47.00	44.00	43.00	43.00	42.00	42.00	42.00	42.00	44.00	44.00
CENTRAL STORES/DUPLICATING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PURCHASING	3.00	3.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
SERVICE CENTER	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	754.90	747.00	615.00	607.90	568.20	550.45	531.85	534.30	526.95	512.40
HOMELESS SERVICES COORDINATION	0.00	0.00	2.00	2.00	1.00	0.00	0.00	0.00	0.00	0.00
HUMAN SERVICES	575.00	595.50	525.50	532.50	532.50	530.50	570.00	574.50	515.00	489.50
VETERANS SERVICES	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
INFORMATION SERVICES/TELEPHONE	33.00	63.00	54.00	57.00	56.00	56.00	56.00	57.00	64.50	64.50
INFORMATION SERVICES/COMM. TECH.	35.00	5.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
OFFICE OF RESPONSE, RECOVERY AND RESILIENCE	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PARKS OPEN SPACE & CULTURAL SERVICES	54.50	53.50	48.00	52.25	49.25	47.50	45.75	44.75	40.80	33.80
PERSONNEL	30.00	30.00	27.00	27.00	27.00	27.00	27.00	25.00	26.50	24.50
PUBLIC DEFENDER	57.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RISK MANAGEMENT	13.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.00	11.00
PLANNING	0.00	72.50	72.00	71.50	71.00	66.50	65.25	64.00	65.25	66.00
PROBATION	102.00	101.50	98.50	98.50	97.50	97.25	96.25	91.25	93.25	98.25
JUVENILE HALL	31.00	31.00	30.00	30.00	30.00	30.00	31.00	30.50	30.50	30.50
PUBLIC WORKS	0.00	269.75	270.50	268.80	267.80	262.80	256.80	256.00	267.50	267.50
RDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
SHERIFF-CORONER	191.50	192.50	192.50	187.50	180.00	175.00	175.00	173.00	173.00	170.00
CORRECTIONS	152.00	151.00	150.00	166.00	152.00	151.00	150.00	151.00	149.00	145.00
COURT SECURITY	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
TREASURER-TAX COLLECTOR ⁽²⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.75	13.50
WORKFORCE INNOVATIONS	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	2,805.26	2,795.56	2,516.81	2,557.01	2,481.90	2,437.65	2,452.05	2,443.95	2,398.45	2,350.90

Source: Annual Adopted County Budget

⁽¹⁾Weights and Measures was incorporated into the Agricultural Commissioner.

⁽²⁾On January 5, 2015, the County began consolidating the offices of Auditor-Controller and Treasurer-Tax Collector.

⁽³⁾During FY22/23, the Department of Public Works (DPW) & Planning merged to form Community Development & Infrastructure

**SCHEDULE OF INSURANCE IN EFFECT
JUNE 30, 2023**

COVERAGE	DETAILS OF COVERAGE	LIMITS
Property	CSAC-Excess Insurance Authority Blanket buildings and equipment including EDP, Vehicles, Contractors' Equipment, Boiler & Machinery. All Risk, flood, replacement cost-agreed amount including earthquake at scheduled locations All Risk & Flood Limits Earthquake Limits Deductible	\$ 600,000,000 565,000,000 25,000
Crime Bond	CSAC-Excess Insurance Authority Faithful Performance Bond (covers failure to faithfully perform duties and employee dishonesty). Includes all employees and Treasurer Deductible	10,000,000 25,000
Non-owned aircraft	Wells Fargo National Union Fire Includes passengers' bodily injury, terrorism and property damage combined each occurrence	5,000,000
Excess Workers' Compensation Employer's Liability	CSAC-Excess Insurance Authority Workers' Compensation Employer's Liability \$500,000 Self-Insured Retention Deductible (per occurrence) Workers' Compensation and Employer's Liability	Statutory Limits
Medical Malpractice and General Liability	CSAC-Excess Insurance Authority Comprehensive hospital professional and general liability for HSA staff and operations and Jail Medical Unit Deductible	21,500,000 25,000
Fine Arts	Wells Fargo/Travelers Includes fossils and fine arts for all County locations Deductible	125,000 500
Excess Liability (GLII)	CSAC-Excess Insurance Authority Excess Liability Insurance \$1,000,000 Self-Insured Retention to \$25,000,000	25,000,000
Optional Excess	CSAC - Excess Insurance Authority \$25,000,000 excess of \$25,000,000	25,000,000
County Fire Auto & Liability Insurance	Wells Fargo/American Alternative Insurance Corp. Includes property insurance for County owned fire stations including contents, business interruption, money & securities, boiler & machinery Fire Liability Auto Liability Deductible Equipment Deductible	3,000,000 1,000,000 1,000 100
Pollution Program	CSAC-Excess Insurance Authority Pollution Program Self-Insured Retention Deductible	10,000,000 250,000
Cyber Liability	CSAC-Excess Insurance Authority Claims Made Policy protecting against information security & privacy insurance with electronic media liability Self-Insurance Retention Deductible	2,000,000 50,000
Watercraft Coverage	CSAC-Excess Insurance Authority Protection and Indemnity Deductible	5,000,000 1,000

Source: Santa Cruz County Risk Department

**CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public protection										
Jail facilities	3	3	3	3	3	3	3	3	3	3
Rehabilitation center	1	1	1	1	1	1	1	1	1	1
Juvenile center	2	2	1	1	1	1	1	1	1	1
Courthouses	3	3	3	3	3	3	3	2	3	3
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	2	2	2	2	2	2	1	1	1	1
Public assistance										
Other buildings ⁽³⁾	5	4	-	-	-	-	-	-	-	-
Child day care center	-	-	-	1	1	1	1	1	1	1
Elder day care center	1	1	1	1	1	1	1	1	1	1
Residential care facility	1	1	1	1	1	1	1	1	1	1
Volunteer center	1	1	1	1	1	1	1	1	1	1
Veterans centers	1	1	2	2	2	2	2	2	2	2
Clinics ⁽²⁾	2	2	-	-	-	-	-	-	-	-
Behavioral Health Unit	1	1	1	1	1	1	1	1	1	1
Recreation and culture										
Parks acreage	237	237	237	236	236	236	228	228	228	228
Sites	66	66	65	65	65	65	63	60	60	60
Athletic fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	4	4	4	4	4	4	4	4	4	4
Public ways and facilities										
Roads										
Pavement (miles)	600	600	600	600	596	596	596	600	600	600
Junction structures	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964
Minor culverts ⁽⁴⁾	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts ⁽⁴⁾	160	160	160	160	160	160	160	160	160	160
Sanitation										
Pipe (miles)	228	228	232	232	245	245	245	245	244	236
Pump stations/treatment plants	63	62	62	62	60	61	61	63	64	63
General government										
Administrative/other facilities ⁽¹⁾	13	13	12	12	12	12	12	12	12	12

Source: Various County Departments

⁽¹⁾Includes buildings and centers utilized by various departments within different functions.

⁽²⁾There have been one to two clinic sites previously, however, were added to this schedule in fiscal year 2022. Prior periods were not updated.

⁽³⁾Other buildings are included for the first time during fiscal year 2022 and include buildings that are either unoccupied or rented to other entities. Prior periods were not updated.



Glossary (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023



ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR). A financial report that encompasses all funds and component units of the government. The ACFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The ACFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance related legal and contractual provisions, and statistical data.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE. Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to when revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual basis.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term “budget” is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant, and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government’s general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. Prior to the implementation of GASB 87 in the fiscal year ended June 30, 2022, a capital lease was a long-term, non-cancelable agreement that was essentially a purchase agreement. Capital leases are no longer reported in the financial statements, however the term is still used in the Ratios of Outstanding Debt by Type on page 220 which compares financial data over the past ten years.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable ACFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMMITTED FUND BALANCE. Amounts that can only be used for specific purposes determined by formal action of the County’s highest level of decision-making authority (the Board of Supervisors), and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES. Absences, such as vacation and illness, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

COST-SHARING MULTIPLE-EMPLOYER PLAN. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable

(spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for State and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES. The consumption or acquisition of net position in one period that is applicable to future periods.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net position, debt service and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual State or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agency, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE. Anyone of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The General Fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for State and local governments are set forth by Statements of Auditing Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for State and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of the period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE. An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The General Fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT’S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the entity’s financial activities.

MEASUREMENT FOCUS. A way of presenting an entity’s financial performance and position by considering which resources are measured (financial or economic) and when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both “measurable” and “available to finance expenditures of the current period.” “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds, and agency funds are accounted for using the modified accrual basis of accounting.

NET INVESTMENT IN CAPITAL ASSETS. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NET POSITION. The residual of all other elements of the statement of financial position. In other words, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

NONSPENDABLE FUND BALANCE. Amounts that cannot be spent because they are either (1) not spendable in form or (2) legally or contractually required to be maintained intact.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share that property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government’s general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PRIVATE-PURPOSE TRUST FUND. Trust fund used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the Federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the ACFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data, or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net position that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE. Amounts with constraints placed on their use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET POSITION. A component of net position calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with *Title 2 U.S. Code of Federal Regulations*. The Single Audit Act allows or requires governments (depending on the amount of Federal assistance received) to have one audit performed to meet the needs of all Federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

UNASSIGNED FUND BALANCE. The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNMODIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESERVED FUND BALANCE. That portion of a fund balance available for spending or appropriation in the future.

UNRESTRICTED NET POSITION. That portion of net position that is neither restricted nor invested in capital assets (net of related debt).

